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Ethnic Minority Groups and Social Enterprise: A case study of the East London Olympic Boroughs

Thesis submitted for the degree of PhD
Middlesex University, Business School Department
2012

Sara Calvo Martinez

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Declaration

No part of this thesis has previously been submitted for a degree at this or any other university.

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Acknowledgements

I would like to thank the following people for their support and immense contribution towards this study. First of all, I am grateful to Professor Stephen Syrett and Dr Leandro Sepulveda for their input and guidance throughout the research process. It has been a privilege for me to be working under their distinguished, meticulous and persevering supervision. I also thank Jane Pennington and Dan Ozarow for their proofreading supervision and support. This thesis could not have been completed without the considerable co-operation and support of the sponsoring organisation, the Ethnic Minority Foundation. My gratitude also goes to Middlesex University in particular the Centre for Enterprise and Economic Development Research (CEEDR) and the Economic Social Research Council for offering me this opportunity and for helping me clarify what I really want to do in my life. I am also grateful to the informants and organisations that agreed to take part in this research, for sharing their personal stories, views and time to enable me to undertake this study. Further, I would also like to thank all my friends at Middlesex University and in London for their friendship and support, and for making me feel that I am not completely alone in this journey.

My special appreciation goes to my parents; my dad, Tomas Calvo, the most inspirational person I have ever met, and my lovely mum, Juani Martinez, for their patience and encouragement; were it not for them I would not have reached this point in my education. To my grandmothers, sisters, brother-in-law and nephew for bringing me happiness and positive energy in this period of my life. I also would like to present my in-depth appreciation to my Colombian family for their unconditional love and encouragement. Sincere thanks to Begonia Herce, the time shared with you and our insightful discussions will forever be in my mind. Last but not least I would like to express my gratitude to my dear partner, Andres Morales, for his love, understanding and constant support through the many hours when I have been absent or preoccupied with completing this work. Thank you for believing in me. The destiny of my life changed the day I met you. I never knew that love could be so powerful.

Love has been the power of endurance during this tough period and will also be in the continuation of my journey! Te amo!

Abstract

The world has witnessed the emergence of a great number and variety of social entrepreneurial activities in recent years. In the United Kingdom, the SE sector has experienced considerable growth and nowadays is at the centre of academic and political debate. Yet, very little is known about the extent and nature of ethnic minority involvement in social enterprise activity. Critical to an understanding of this is the reduction of grant funding to third sector organisations as well as the change in race relations and equality policies. Moreover, the social enterprise political discourse that has seen social enterprises as an alternative to move towards market-led provision and the privatisation of public services is relevant to understand the development of ethnic minority social enterprise activities.

This research produces insights into the nature and extent of ethnic minority social enterprise activities in the East London Olympic Boroughs and provides a fundamental contribution to the development of policy thinking. This thesis also contributes to theory building in the area through the development of a conceptual framework. Structuration and Mixed Embeddedness theories are considered to explain how the development of ethnic minority social entrepreneurial activities depends on the complex interaction between ethnic minority entrepreneurs (as agents) and the context (as structures) in which they are embedded. This research draws upon evidence from a case study in the East London Olympic Boroughs using a mixed-methods approach, which includes literature and policy review, telephone survey, semi-structured interviews and an in-depth study of organisations. Through analysis of the case study, what is discovered is that there are challenges in defining and measuring ethnic minority social enterprise activities. This thesis also reveals that the role of individual ethnic minority entrepreneurs is crucial for the development of social enterprise activities as well as the context in which they are embedded in terms of their access to resources, market opportunities and the political context that determines this development.

Finally, findings demonstrate that the current policy discourse provides little scope for engagement for the majority of small-scale ethnic minority social enterprise organisations.

Key words: Social enterprise; ethnic minorities; East London Olympic Boroughs

Abbreviations

ACEVO: Association of Chief Executives of Voluntary Organisations

ACL: Adult Community Learning Academy

BAME: Black and Asian minority ethnic

BAMER: Black and Asian minority ethnic refugees

BIS: Department for Business and Innovation

BL: Business Link

BME: Black minority ethnic

BTEG: The Black Training and Enterprise Group

CEMVO: Council of Ethnic Minority Voluntary Organisations

CEEDR: Centre for Enterprise and Economic Development Research

CIC: Commission on Integration and Cohesion

CIC: Community Interest Company

CIH: Chartered Institute of Housing

CLG: Community Local Government

CLG: Company Limited by Guarantee

CLS: Company Limited by Shares

CO: Cabinet Office

CRE: Commission Racial Equality

HCVS: Hackney Community and Voluntary Sector

DISE: Diversity in Social Enterprise

DTA: Development Trust Association

DTI: Department of Trade and Industry

DWP: Department for Work and Pensions

EHRC: Ethnic Human Racial Council

ELBA: East London Business Alliance

ELBC: East London Business Centre

ELBP: East London Business Place

EMBF: Ethnic Minority Business Forum

EMES: European Social Enterprise Research Network

EMF: Ethnic Minority Foundation

EMSEs: Ethnic minority social enterprises

EMTSOs: Ethnic minority third sector organisations

ESOL: English for speakers of other languages

ESRC: Economic Social Research Council

GAVS: Greenwich Action for Voluntary Service

GCDA: Greenwich Co-operative Development Agency

GDA: Greater Development Agency

GLA: Greater Local Authority

HCVS: Hackney Community Voluntary Sector

IFEES: Islamic Foundation for Ecology and Environmental Sciences

IMD: Index of Multiple Deprivation

IPS: Industrial Provident Society

LA: Local authority

LCT: London co-operative Training

LDA: London Development Agency

LICOM: London Industrial Common Ownership Movement

SEx: London Sustainability Exchange

LSPs: London Strategic Partnerships

LVSC: London Voluntary Service Council

MLF: Muslim London Forum

NHS: National Health System

NVCO: National Voluntary and Community Organisation

NVQs: National Vocational Qualifications

NVSC: Newham Voluntary Sector Consortium

OCN: Open College Network

OCS: Office for the Civil Society

OCR: Oxford Cambridge and RSA examination

OECD: Organisation for Economic Cooperation and Development

ONS: Office for National Statistics

OTS: Office of the Third Sector

RC: Registered Charity

RISE: The Research Initiative on Social Entrepreneurship

ROTA: Race on the Agenda

RDAs: Regional Development Agencies

SBS: Small Business Service

SE: Social Enterprise

SEC: Social Enterprise Coalition

SSE: School of Social Entrepreneurs

SEIF: Social Enterprise Investment Fund

SEL: Social Enterprise London

SEnU: Social Enterprise Unit

SSE: School of Social Entrepreneurs

THCVS: Tower Hamlets Community Voluntary Sector

TSOs: Third Sector organisations

UK: United Kingdom

US: United States

WFVA: Waltham Forest Voluntary Action

VCOs: Voluntary and community organisations

WISEs: Work Integration Social Enterprises

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CHAPTER 1

SOCIAL ENTERPRISE AND ETHNIC MINORITIES: A CASE STUDY OF THE EAST LONDON OLYMPIC BOROUGHES

CONTEXT

Diversity in Social Enterprise is all about inclusion. It is crucial to highlight the diversity of the people, the goods and services and the creativity in this sector for the benefit of engagement, celebration and networking across the UK and beyond.

Diversity in Social Enterprise (DISE)

1.1 Rationale for the study

This thesis aims to study ethnic minority social enterprise activity in the Five East London Olympic Boroughs of Hackney, Greenwich, Tower Hamlets, Newham and Waltham Forest. Specifically, it seeks to do this through the consideration of these enterprises during the period of preparation for the 2012 Olympic and Paralympic Games in London. This is a three-year CASE research studentship promoted by the Centre for Enterprise and Economic Development Research (CEEDR) at Middlesex University in collaboration with the partner organisations, the Ethnic Minority Foundation (EMF), and funded by the Economic Social Research Council (ESRC).

1.2 Why is “ethnic minority social enterprise activity” of interest?

There has been a strong proliferation of social enterprises (SEs) around the globe in recent years (Defourny and Nyssens, 2010; Nicholls, 2010; Kerlin, 2010; Hulgard, 2010). The social enterprise sector is at the centre of current political and academic debate in the United Kingdom (UK), especially in light of the reform of public service delivery and the reduction of state involvement in traditional areas of public policy during the 1990s and then in the

aftermath of the global financial crisis since 2008 (DTI, 2002; Cabinet Office, 2010b). The evolution of social enterprise as a policy construct in the UK has seen policy makers and politically influencing third sector bodies take the lead in setting out the dominant discourse that has informed recent social enterprise development (Teasdale, 2010). Therefore, it can be argued that the rise of the notion of social enterprise in the UK over recent years has been largely policy led, as policy makers have set out the scope and promotion of social enterprise activity (Sepulveda, 2009). This has occurred despite the lack of agreement as to how exactly social enterprises should be defined, and how they can be best supported (Bridge *et al.*, 2009; Peattie and Morley, 2008; Borzaga and Defourny, 2001).

As a mainstream policy construct that operates across a number of policy spheres, social enterprise is seen to offer possibilities for social inclusion, engagement and active citizenship to a full range of social groups and actors including ethnic minorities (ODPM, 2004). Yet, evaluating the strengths of these claims remains problematic given the limited existing empirical evidence. A number of practitioner-oriented studies have reported a growing propensity of ethnic minority organisations to become involved in social enterprise activity (SEC, 2009; NCVO, 2009; OLMEC, 2007; OLMEC, 2011). However, it can be argued that such findings have been taken up by ‘boosterist’ policy discourses that are ideologically supportive of the social enterprise policy agenda. Yet, for others the UK social enterprise movement has remained a largely ‘white middle-class’ affair that has failed to tap into the activity of non-white populations (The Sunday Times, 16 April 2009), and has left ethnic minority communities on the margins of both the social enterprise movement and related policy development (Voice4Change, 2008).

Recent well-documented evidence has shown that social entrepreneurial activity is taking place within ethnic minority businesses (Lyon *et al.*, 2007) as well as voluntary and community organisations (Sepulveda *et al.*, 2010). Critical to understanding the position of ethnic minority organisations has been the seachange in UK race relations and equality

policies, from a “*multiculturalist*” policy approach that celebrated ethnicity and cultural identity under the early New Labour Governments (from 1997) towards an “*integrationist*” approach that stresses interaction with other communities under the later New Labour Government and the current Coalition Government (Afridi and Warmington, 2009). This change in policy direction has generated stricter immigration policies and new priorities for the allocation of grant funding which has curtailed opportunities for ethnic minority organisations (CLG, 2008). It can be suggested that although there is indeed some evidence of both formal and informal, dynamic socially-oriented enterprise activity within ethnic minority communities in the UK, there remains only very limited empirical and theoretical understanding of the ethnic minority social enterprise sector. Hence, the aim of this thesis is to address this knowledge gap and gain greater insights of the involvement of ethnic minorities in social enterprise activity and the associated policy agenda.

London has been chosen as the locus through which to explore ethnic minority social enterprise activities as it has been claimed that it accounts for the largest proportion of ethnic minority social enterprises within the UK with higher proportions found in the most deprived inner boroughs (OLMEC, 2011). However, only limited data exists about the nature and extent of ethnic minority social enterprise activity and its accuracy is highly questionable (Sepulveda *et al.*, 2010). Further, the study is based in the East London Olympic Boroughs because the area represents an interesting case study due to the high density of ethnic minority populations, as well as the fact that the area suffers from considerable socio-economic deprivation (ODA, 2007; Smallbone *et al.*, 2008). Furthermore, this part of the city has become the subject of significant regeneration and social policy activity, and it is the main site of the 2012 Games (see Chapter 5). Therefore, it can be argued that this particular geographical location provides conditions that are potentially amenable to the start up and development of ethnic minority social enterprise activities.

This thesis, therefore, makes a number of original contributions. Firstly, this study contributes to the development of social enterprise theory through the development of a conceptual framework for understanding ethnic minority social enterprise development. Currently, there is limited theoretical understanding of the sector and no universally accepted definition of 'ethnic minority social enterprise activity'. Secondly, the study produces new insights into the nature and extent of ethnic minority involvement in social enterprise activity in London, particularly in the East London Olympic Boroughs. It seeks to do this through the collection and analysis of original primary data to describe and more profoundly comprehend how and where these organisations operate, as well as the processes that shape ethnic minority social enterprise activity development. Thirdly, this thesis provides a fundamental contribution to the development of policy thinking through the analysis of the role of current policy and the identification of potential future policy directions.

1.3 Objectives, Research Questions and Methodology

This thesis seeks to generate theoretical, empirical, analytical and political insights into the development of ethnic minority social enterprise activity in the East London Olympic Boroughs. Consequently, the research objectives comprise:

Objective 1 –Theory

To explore the different theoretical approaches to improving the understanding of ethnic minority social enterprise activity.

Research questions:

- (a) How can 'ethnic minority social enterprise activity' be defined?
- (b) How can 'ethnic minority social enterprise activity' be better conceptualised?

Objective 2 –Empirical

To examine the extent and spatial expression of ethnic minority social enterprise activity within the East London Olympic Boroughs.

Research question:

(a) What is the nature and extent of ethnic minority social enterprise activity within the East London Olympic Boroughs?

Objective 3 –Analytical

To appreciate in greater depth the nature of ethnic minority social enterprise activity.

Research questions:

(a) What are the processes that drive and constrain the development of ethnic minority social enterprise activity?

(b) Is there any evidence of a transition of BME organisations from voluntary and community organisations towards the social enterprise model?

Objective 4 –Political

To understand how current policy frameworks are influencing the development of ethnic minority social enterprise activity and the relationship between social enterprises and ethnic minority groups in order to provide a basis for the development of future policies that can engage effectively with these groups.

Research question:

(a) Within the specific context of East London during the preparation period for the 2012 Games, how does the current policy environment impact upon the development of ethnic minority social enterprise activity?

The research reviews theoretical, empirical and policy material related to ethnic minorities and social entrepreneurial activities, with a focus of the study upon ‘the East London Olympic Boroughs’. This research adopts a mixed-method approach triangulating 1) secondary sources, 2) a telephone questionnaire survey, 3) semi-structured interviews with key informants and 4) an in-depth study of ten ethnic minority social enterprise organisations. The research questions are answered using a three-stage methodological process, which progressively moves towards a deeper and more nuanced understanding (see Chapter 4).

1.4 Structure of the thesis

This thesis is divided into eight chapters. Chapter 1 is the Introduction. Chapter 2, “*Social Enterprise, ethnic diversity and the changing policy framework*”, aims to develop an enhanced understanding of ethnic minority social enterprise activity. This chapter explores the contested notions of ‘ethnicity’ and ‘social enterprise’. It also examines the impact of the UK’s current policy frameworks concerning social enterprises and ethnic minorities. Chapter 3, “*Conceptualising ethnic minority social enterprise activity*”, considers “Structuration” and “Mixed Embeddedness” theories as relevant theoretical perspectives for the study of ethnic minorities and social enterprise activities. The chapter concludes by presenting a conceptual model to understand ethnic minority social enterprise activity development. Chapter 4, “*The Methodological Approach*”, sets out the research design and the methods adopted for explaining the rationale behind these choices. Moreover, this chapter explains the methods of data collection and analysis, and issues of validity, generalisability and reliability which may arise during the course of the research, whilst detailing how they are to be addressed. In addition, ethical considerations related to this research are discussed. Chapter 5, “*London and the Five Olympic Boroughs: context for the establishment and development of ethnic minority social enterprise activity*”, provides an overview of the demographic and socio-economic characteristics, local political governance and the profile of ethnic minority organisations in this particular geographical area.

Then, this chapter moves towards presenting the findings concerned with the nature and extent of ethnic minority social enterprise activities in the East London Olympic Boroughs, as well as the contracting opportunities available to these enterprises during the preparation of the 2012 Games. Chapter 6, "*Understanding the emergence of social enterprise activity among ethnic minorities*", examines the conditions that affect the emergence of ethnic minority social enterprise activities. It is revealed that key factors include: 1) the role of the policy context, 2) market opportunities and 3) ethnic minority entrepreneurs' motivations. Chapter 7, "*Factors driving and constraining ethnic minority social enterprise activity development*" evaluates case study organisations' access to networks, financial and human resources as well as the institutional support that is provided for ethnic minority social enterprise activities in the East London Olympic Boroughs. Chapter 8, "*Conclusions: challenges and opportunities for ethnic minority social enterprise activity*" draws upon the findings in relation to the thesis research questions and discusses the academic and political implications. It also addresses the methodology and limitations of the study and makes recommendations for further research.

CHAPTER 2

SOCIAL ENTERPRISE, ETHNIC DIVERSITY AND THE CHANGING POLICY FRAMEWORK

2.1 Introduction

The aim of this chapter is to define the research objectives and to examine the importance of studying social enterprise activities within ethnic minorities. To develop an enhanced understanding of ethnic minority social entrepreneurial activities requires an overview of the highly contested notions of 'social enterprise' and 'ethnicity'. Firstly, this chapter examines the discrepancies in defining and understanding the term 'social enterprise' and the emergence of social entrepreneurial activities. Then, the analysis moves towards an explanation of the contribution of the social enterprise sector and the political construction of the social enterprise movement in the UK. Secondly, a review of the literature concerning ethnicity, cultural diversity, challenges and opportunities of ethnically diverse societies is conducted, with a particular emphasis on the UK race relations and equality policies and its implications for the development of ethnic minority organisations are explored here. Thirdly, existing evidence of social enterprise activities within ethnic minorities as well as the extent to which the current UK policy has advanced ethnic minority social enterprising activities onto the agenda is presented. The chapter concludes by adopting a constructionist approach for the definition of the term 'ethnic minority social enterprise activity'.

2.2 What is a social enterprise?

The term 'social enterprise' (SE) has been used to describe a broad range of organisational forms that vary widely in terms of activity, size, legal structure, geographical scope, resources, degree of profit orientation and governance (Defourny and Nyssens 2010; Bridge *et al.*, 2009; Peattie and Morley, 2008). The SE label has also been used to refer to earned

income strategies by not-for-profit organisations (Dees, 1998), voluntary and community organisations that are contracted to deliver public services (Di Domenico *et al.*, 2009), democratically controlled organisations that aim to benefit the community (Defourny and Nyssens, 2006); profit orientated business with social aims (Kanter and Purrington, 1998), and community enterprises that have been founded by local people to tackle a particular social problem (Williams, 2007).

The definition of 'social enterprise' is often seen as contested and unclear and there is a lack of consensus about what it is or does (Nicholls, 2006a, 2010; Thompson, 2008; Light, 2006, 2008; Perrini, 2007). Social enterprises are often used and defined in different ways by different people and for different political purposes (Kerlin, 2010; Mair and Marti, 2006). For example, Laville and Nyssens (2001), cited by Lloyd (2006, p.14) define social enterprises as "*enterprises initiated by groups of citizens who seek to provide an expanded range of services and more openness to the community*". These authors use a 'narrow' definition of social enterprise which is synonymous with community enterprises which represents just one of a wide variety of types of organisations that may be considered part of the SE sector (Smallbone and Lyon, 2005). In a report by the UK Department of Trade and Industry (DTI), social enterprises are described as:

Businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for the share holders and owners.

(DTI, 2002, p.7)

The Organisation for Economic Co-operation and Development (OECD) in turn defines social enterprise as:

Any private activity conducted in the public interest, organised with an entrepreneurial strategy but whose main purpose is not the maximisation of profit but the attainment of certain economic and social goals, and which has a capacity of bringing innovative solutions to the problems of social exclusion and unemployment.

(OECD, 1999, p.10)

The definition of 'social enterprises' propagated by the former Department for Trade and Industry (DTI), currently known as the Department for Business, Innovation and Skills (BIS), is slightly broader than the Organisation for Economic Co-operation and Development (OECD) definition as the latter focuses on the labour market integration of disadvantaged communities.

Although there is controversy over definitions of the term 'social enterprise', most coalesce around the idea that 'social enterprises' are businesses that trade for social purposes (Peattie and Morley, 2008). Moreover, whilst some people have argued that there is little value in attempting to reach firm agreement about a definition of 'social enterprise' and that '*you know one when you see one*'; others such as Jones *et al.* (2007) stress that definitions are important both to differentiate social enterprises from other types of public, third sector and private organisations, and also to help differentiate between types of social enterprise activities (Peattie and Morley, 2008).¹

¹There are few clear operational definitions as to what constitutes the 'social economy' or the 'third sector' as it is often referred as (Bridge *et al.*, 2009; Evans, 2002, Pearce, 2003; Amin *et al.*, 1999). This thesis uses the term 'third sector' to refer to those activities that are part of the economy which are neither private nor public. The 'third sector' can be broken down into three sub-sectors: the community sector, the voluntary sector and the social enterprise sector (Bridge *et al.*, 2009).

As a result of the debates about the definition and understanding of social enterprises, some academics have attempted to identify the different discourses that represent the range of organisational constituents within social enterprise activities.² Nicholls (2010) distinguishes three main narratives within social enterprises: the Hero Entrepreneur, the Business Model and the Community Model. The first narrative is based on hero entrepreneur success stories that emphasise the role of 'social entrepreneurs' and refers to them as heroes. Social entrepreneurs are often presented here as change makers, playing the role of change agent in the social enterprise sector (Dees, 1998). However, the Business Model narrative is based on organisational models that reflect ideal types from commercial business. They have a particular focus on earned income and the use of commercial logics and strategies. They also combine social and financial returns and apply business models and thinking to achieve their social and environmental aims (Alter, 2006; Nicholls, 2010). The Community Model focuses on building "community voice" with a discourse based on social justice and communitarianism. These latter organisations stand in contrast to models that prioritise individuals or commercial strategies and closely resemble conventional structures in the third sector that are based upon equality and altruism (Nicholls, 2010). There are a number of discrepancies within these three narratives that require discussion; however the issues surrounding the centrality of social aims to trading and social ownership and governance are particularly important.

The centrality of social aims to trading

One of the key elements defining the nature of social enterprise activity is its social mission and values (Arthur *et al.*, 2010; Nyssens, 2006; Pearce, 2003; Peattie and Morley, 2008). However, although there is agreement across these schools about the objectives and core

² Dees and Anderson (2006) suggested two main schools of thought within social enterprises: the *Social Innovation School* in which the focal point is the innovative process creating social change, emphasising the role of 'social entrepreneurs', and the *Social Enterprise School* according to which social enterprises refers to those organisations that pursue a business model but then invest their profits for the social good. European researchers added a third school of thought: *the European Social Enterprise Network (EMES)* which understands social enterprises as having a democratic and participatory role. See paper by Defourny and Nyssens (2010).

values of these SEs which are to benefit the community and create social value, divergences appear between narratives when considering the nature of the 'social enterprise' economic activities. Whilst the Hero Entrepreneur and Community Models understand the production of goods and/or services as constituting the way in which the social mission is pursued, within the Business Model the nature of traded goods and services is not understood as important. Instead the Business Model sees social enterprises as organisations that can develop trading activities that are only related to the social mission through the financial resources that they help to secure for them (Nicholls, 2010).

Social ownership and governance

Differences also exist between narratives in terms of understanding social ownership and governance (Ridley-Duff, 2005; Mason, 2009; Spear *et al.*, 2007). A first point of discrepancy is the dichotomy between 'individually-driven' and 'collectively-driven' organisations. Whilst the Hero Entrepreneur narrative sees social enterprises as generally initiated or led by an individual (the social entrepreneur), the Community Model emphasises the collective views of the sector, seeing social entrepreneurs as being highly reliant on groups of people, including internal and external stakeholders (Nicholls, 2010). The Business Model on the other hand locates itself between these two positions and understands the enterprise to be a product of both individual and collective motivations. The issue of governance has attracted much more attention from the Community Model than from the Hero Entrepreneur and Business Models. The Community Model believes in the democratic style of governance whereby social enterprises are created by a group of people and also governed by them (Borzaga and Defourny, 2001; Bachiega and Borzaga, 2001).

This section has provided a number of lenses through which to understand social enterprise activities. However, as Kerlin (2010) argues, the different discourses and respective discrepancies in understanding their activities must also be seen as a result of the emergence of social entrepreneurial activities in different contexts.

2.2.1 The emergence of social enterprises

It can be argued that social enterprises emerged as a product of a critical combination of old forms of collective action and novel institutional responses to new environments, dominated by neo-liberalism, free-market economics and rampant capitalism, individualism, consumerism, and a widening gap between rich and poor (Dey, 2006; Parkinson and Howorth, 2008). It is within this context that many voices have called for alternative ways to organise the economy. Social enterprise has thus been promoted as an innovative and socially responsible institutional form to achieve a better balance between economic efficiency, ecological sustainability and social equity (Amin, 2009). Although 'social enterprises' are relatively new, the concept with which they are usually associated, as organisations trading for a social purpose, dates back many centuries (Teasdale, 2010). A history of collective practices can be traced back to the time of ancient cultures such as the Egyptian corporations, Greek funds and the Roman Colleges of Craftsman (Defourny and Develtere, 1999). Later, these appeared in medieval times in Northern West Europe where a rich associative life was evident, as well as in other parts of the world, including medieval Byzantium, Muslim countries and India, in which associations were formed to organise and protect communities of interest (Bridge *et al.*, 2009). In the 19th century, the co-operative movement emerged in Europe as a reaction to industrialisation (Borzaga and Spear, 2004). However, it was not until the 1990s that the concept of social enterprise made its first appearance formally both in Europe and United States³ (Kerlin, 2006; 2010).

The European tradition

Social enterprises such as mutuals and cooperatives were already playing a significant role in the provision of services before the Second World War in most European countries (Defourny and Nyssens, 2010). However, their importance became greater in the 1950s with many such initiatives established to address the needs of the population, and in particular

³ In this thesis, only the European and United States' traditions will be explained, as there is limited literature about the emergence of social enterprises in other regions.

disadvantaged groups (Moulaert and Ailenei, 2005). While one stream of inspiration came from the participation and mutual aid principles, many others organisations were inspired by Judeo-Christian charitable traditions (Defourny and Nyssens, 2010). In the late 1970s, the high levels of unemployment in many European countries raised the question of how far the charitable and third sectors could help meet these challenges. However, the answers given to these emerging challenges varied across different European countries and traditions (Nyssens, 2006; Spear *et al.*, 2001; Defourny *et al.*, 1998). Defourny and Nyssens (2010) explain the emergence of social enterprises in Europe in relation to four groups of countries: the Bismarckian tradition, the Nordic countries, the UK and the Southern countries.

In the countries with a Bismarckian tradition (Belgium, France, Germany and Ireland), social enterprise activities emerged largely in relation to active labour market policies. Social enterprises played an important role in the provision of social services and labour market integration in particular during the crisis in public finances and high rates of unemployment in the 1980s as the welfare state was reduced (Defourny and Nyssens, 2010).

In the Nordic countries with a strong welfare system, associations have been traditionally involved in culture, leisure activities or advocacy roles (Defourny and Nyssens, 2010). Moreover, Nordic countries have traditions of a cooperative movement, in Finland with labour co-operatives and nursery co-operatives in Sweden (Hulgard, 2004). Since the 1980s, new dynamics have emerged in the cooperative sector within the field of mental care (for example, care personnel, patients and ex-patients) in Nordic countries (Stryjan, 2004; Pestoff, 2004).

Meanwhile, the emergence of SEs in the UK has been associated with the tradition of co-operatives, with Robert Owen as a key figure in the creation of the co-operative movement⁴

⁴ Robert Owen (1771-1858), born in Wales, was a social reformer and is considered the father of the cooperative movement (Ridley-Duff and Bull, 2011).

(Brown, 2003). SE roots also lie in the longer tradition of voluntary and community organisations (Borzaga and Defourny, 2001). The Public Sector Reforms of the middle 1990s were crucial in the development of SEs because these reforms allowed the government to move from grant funding to contracts and third-party payments that aimed to create an 'independent' voluntary and community sector (Defourny and Nyssens, 2010; Ridley-Duff and Bull, 2011). Since coming to power in 1997, the New Labour Government; played a crucial role in the historical development of the sector with policy makers setting out the scope and promotion of social enterprise activity (Simmons, 2008).

In Southern European countries (Spain, France, Italy and Portugal) where welfare systems have often been less well-developed, church-charitable organisations have played a central role in the provision of social services (Defourny and Nyssens, 2010). Furthermore, in those such as Spain⁵ and Italy, there has been a strong cooperative tradition (Spear, 2010). In 1991, the Italian parliament adopted a law creating a specific legal form for 'social cooperatives' that combined commercial capability with active promotion of physical, social and mental health (Ridley-Duff and Bull, 2011).

Specific programmes targeting low-qualified unemployed people who were at risk of exclusion from the labour market were delivered in many European countries in the 1990s. Work Integration Social Enterprises (WISEs) were set up to integrate these people into work and society through productive activity (Defourny and Nyssens, 2006). For example, in Poland, an Act on Social Cooperatives was created in 2006 to integrate ex-convicts, the long-term unemployed, disabled people, and reformed addicts within the labour market (Defourny and Nyssens, 2010).

⁵ The Mondragon cooperatives in Spain are some of the better-known examples in the world. Father Jose Maria Arizmendiarieta created the first cooperative in 1956 in the Basque country after the Civil War to help the local community and the large number of unemployed people. To this day it continues to run over 100 cooperatives, a polytechnic university, a high technology innovation facility, a bank and a national supermarket chain (Spear, 2010).

The United States tradition

The origin of the term ‘social enterprise’ in the United States (US)⁶ relates to the development of non-profit organisations from the late 1970s onwards (Salamon, 2002; Crimmins and Keil, 1983; Kerlin, 2010). The term was first developed in the 1970s to define business activities that were developed by non-profits as a way to create job opportunities for disadvantaged groups⁷ (Alter, 2002). The expansion of social enterprise as a defined concept in the United States began with the economic downturn of the late 1970s, which led to welfare state retrenchment and to important cutbacks in federal funding (Kerlin, 2006). As a result, non-profit organisations began to expand their commercial activities to fill the gap in their budget through the sale of goods or services. Foundations have also played a key role in the emergence of the SE sector in the United States, as they have provided financial support and visibility for outstanding social entrepreneurs in modern times (Salamon and Sokolowski, 2005).

It can be said that although there are common features in the United States and European traditions, the divergence in conceptual debates and discourses about social enterprise activities can be explained by the unique histories concerning the emergence of social entrepreneurial activities on both sides of the Atlantic. Essentially, while the European tradition has paid attention to collectivisation and democratic ownership, rooted within what Nicholls (2010) refer to as the ‘Community Model’ (with the exception of the UK which is closer to the ‘Business Model’), the United States tradition is rooted more strongly in the ‘Heroic Entrepreneur’ Model, emphasising the individualist role of social entrepreneurs.

⁶ The term ‘United States’ is used in the thesis instead of North America, as it is considered that the emergence of social enterprises in the United States and Canada have a very different context.

⁷ Whilst in Europe the terms “non-profit” and “not-for-profit” have been used synonymously to describe organisations or activities in the social economy, in the US the term “non-profit” refers to the tax-exempt status of an organisation and “not-for-profit” refers to tax-exempt activities that the organisation carries out (Jones and Keogh, 2006).

2.2.2 The contributions of social enterprises: a political discourse?

Recently academic and political interest in social enterprises has increased internationally as the perceptions of the benefits and the contributions of the sector have widened (Defourny and Nyssens, 2010; Borzaga and Defourny, 2001). Advocates suggest that the social enterprise sector can provide benefits such as delivering services that are not covered by the state and the market (Peattie and Morley, 2008), creating an economic contribution and employment for people who might not otherwise be employed (Borzaga and Defourny, 2001), assisting environmental sustainability and ethical business (Vickers, 2010), and generating social capital (Spear, 2001; Evans and Syrett, 2007; Bertotti *et al.*, 2011). Moreover, social enterprises have been credited with promoting social inclusion, engagement and active citizenship among a range of social groups and fostering local development and regeneration (Bridge *et al.*, 2009). Within this thesis, particular attention is paid to examining the extent to which social enterprises contribute to the engagement and inclusion of vulnerable groups such as ethnic minority communities. Hence, the extent to which social enterprise can provide a positive means for pursuing strategies of engagement, cohesion and economic inclusion for ethnic minority communities requires critical investigation.

Although social enterprises are perceived to provide numerous benefits, the individual claims advanced for the benefits of SEs have been questioned. Some authors have raised concerns about the extent to which social enterprises are able to provide services which are not covered by the State and the market (Foster and Bradach, 2005; Westall, 2007) create financial sustainability (Hunter, 2009), contribute to the creation of additional jobs (Evans, 2001), and promote social and economic inclusion of disadvantaged individuals and local communities (Aiken, 2007; Amin *et al.*, 2002; Hudson, 2009; MacMillan, 2010).

It has been suggested that the evidence to support the contributions of social enterprise activities is both underdeveloped and based on descriptive studies that often lack empirical

grounding or rigorous comparative elements (Peattie and Morley, 2008). Several authors have claimed that it is difficult to identify the economic, social and environmental impact of social enterprises because they are difficult to quantify and measure (Peattie and Morley, 2008; Paton, 2003; Smallbone *et al.*, 2001). Moreover, the impacts of social enterprise provision may not always be positive, for example, regarding the quality of jobs created (Haugh, 2006). In fact, several researchers have suggested that social enterprises often provide low skilled jobs (Amin *et al.*, 2002). It can therefore be argued that the contributions of social enterprises are often overestimated and the rhetoric has been based on assumptions and political claims rather than evidence. It is appropriate to trace the influence of social enterprise discourses on the construction and institutionalisation of the social enterprise sector (Teasdale, 2010). The United Kingdom provides a particularly interesting case to understand the emergence of social enterprise activities as, arguably, it has the most developed institutional support structure for social enterprise in the world (Nicholls, 2010).

2.2.3 The political construction of the social enterprise agenda in the UK

The emergence of social enterprise in the UK policy arena can be linked to the political agenda of the 'Third Way' advanced by the New Labour Government from 1997⁸ inspired by Anthony Giddens (1998) in his book of the same name. The Third Way was a philosophical stance of New Labour which contributed towards fostering a communitarian ethos in society coinciding with the Party distanced itself from its prior orientation which was more heavily influenced by Marxism and class struggle (Callinicos, 2001). Other authors have understood the philosophy as such:

Citizens and communities are grounded in the belief that a strong economy and strong society, in which citizens possess both rights and responsibilities were closely interconnected.

(Haugh and Kitson, 2007, p.11)

⁸ However policy related to promoting social enterprise existed before 1997, mainly at the local level (Grenier, 2009).

The Third Way ideas of promoting 'active citizenship' facilitated the emergence of social enterprise as a site for policy intervention⁹ (Grenier, 2009). Within this process, Social Enterprise London (SEL), an agency founded in 1999 by the merger of two organisations; the London Co-operative Training (LCT) and the London Industrial Common Ownership Movement (LICOM) played a key role in the development of the SE sector (Brown, 2003). SEL was influenced by co-operative principles, aiming to promote employment opportunities and democratic ownership (Ridley-Duff *et al.*, 2008). SEL managed to persuade the New Labour Government to incorporate social enterprise within the policy agenda and helped to develop the social enterprise movement (Brown, 2003). As a result, the first official mention of the term 'social enterprise' in the UK appeared in an HM Treasury report in 1999 (HM Treasury, 1999). This report fed into the National Strategy for Neighbourhood Renewal and stressed the positive contribution of SEs in the regeneration of deprived areas and communities, the creation of employment opportunities and the promotion of social inclusion (HM Treasury, 1999). Moreover, community enterprises were incorporated within the SE policy agenda aiming to create wealth in local communities and to take control of local assets (Ridley-Duff *et al.*, 2008; Teasdale, 2010).

The influence of the social business discourse

In October 2001, the UK government launched the Social Enterprise Unit within the Department for Trade and Industry (currently known as the Department for Business, Innovation and Skills) (Teasdale, 2010). This period was characterised as a shifting policy discourse towards business solutions to social problems, which favoured a broader approach allowing not only the inclusion of co-operatives and community enterprises but also for-profit business with social objectives (Grenier, 2009). The development drew the practice of social enterprise closer to that of the United States (see Section 2.2.1). In 2002,

⁹ Not without its detractors who claim that the 'Third Way' merely represents continuities with the neoliberal policy agenda of their conservative predecessors (Callinicos, 2001).

the Department for Trade and Industry produced an influential social enterprise manifesto entitled *Social Enterprise: A strategy for success*. This cross-departmental strategy set out a three-year programme designed to promote and sustain social enterprise activity and served as a policy framework for the UK (DTI, 2002). This report described SEs as not only contributing to employment and regeneration of deprived areas, but also as helping to drive up productivity and competitiveness and reform welfare and public services (DTI, 2002). Intensive lobbying by different competing interests (co-operatives, community enterprises and social businesses) took place, as well as the creation of several organisations and bodies (Teasdale, 2010). Besides this, the Social Enterprise Coalition (now Social Enterprise UK), the leading social enterprise umbrella body, was established in 2002 with support from the Cabinet Office to represent a wide range of social enterprises, umbrella bodies and networks at a national level (Grenier, 2009). Other strategic social enterprise bodies such as the Development Trust Association (currently known as “Locality”) and Social Firms UK were also established and started working with the Regional Development Agencies, government offices, local authorities and the devolved administrations to support social enterprises on the ground (OLMEC, 2007) (see Table 2.1). A number of social enterprise policy schemes emerged during this process including Capacity Builders, Future Builders, New Deal for Communities, Neighbourhood Renewal Fund, the Community Asset Transfer Programme, the Social Enterprise Investment Fund (SEIF) and the Right to Request Programme among others (Nicholls, 2010). Most of these policy schemes programmes are now closed (see Table 2.1).

The social business policy discourse was evident with the creation of the status of “Community Interest Company” (CIC), a new type of legal form designed for ‘social enterprises’ in 2005 which did not stipulate the need for democratic governance and was established to distinguish them from charitable organisations within the charity commission (Nicholls, 2010). A CIC can be either a Company Limited by Guarantee (CLG) or a Company Limited by Shares (CLS). The main difference between the two forms is that a CLS offers

share capital to the general public, whereas the CLG does not and is generally democratic.

Table 2.1 Examples of SE support bodies and policy schemes in the UK

BODY/POLICY SCHEME	YEAR OF ESTABLISHMENT	PURPOSE/MISSION
Development Trust Association (DTA) (now Locality)	1991	Community enterprise regeneration and network body formed by development trust members.
Social Firms UK	1997	A national support body for Social Firm and Work Integration Social Enterprises (WISEs) in the UK.
Co-operatives UK	2001	National trade body that campaigns for cooperation and works to promote, develop and unite cooperative enterprises.
Community Action Network	1998	A body that supports social enterprises to scale up their businesses and maximise their social impact.
Capacity builders	2006-2011	A body that worked to improve the support available to charities across the UK.
New Deal for Communities	1998-2010	An English regeneration programme that provided funding for SEs in deprived neighbourhoods.
Neighbourhood Renewal Fund	2000-2008	Local Government finance programme launched in England to provide funding for social enterprises.
Future Builders	2004-2011	A programme that provided loans, grants and business support to third sector organisations in England.

Source: compiled by author

Social enterprises, up until that point, were in fact *“institutionally dealt with as businesses and part of the market, rather than the third sector”* (Carmel and Harlock, 2008, p.160). However, policy development was increasingly influenced by organisations in the conventional voluntary and community sector rather than those with their origins in employee-ownership and cooperative sectors (Kane, 2008). Therefore, it can be argued that this produced the expansion of the social enterprise construct to incorporate new organisational types and discourses including voluntary and community organisations.

The move towards the third sector

In May 2006, the Social Enterprise Unit was brought together with the Active Communities Unit in the Home Office to form a new Office of the Third Sector (OTS) (currently known as the Office for Civil Society) under the jurisdiction of the Cabinet Office (Bridge *et al.*, 2009). The OTS was created by lobbying mainstream voluntary organisations including the Association of Chief Executives of Voluntary Organisations (ACEVO) and the National Council for Voluntary Organisations (NCVO).¹⁰ This led to a change in policy emphasis. An OTS (2006) document stated:

Social enterprises are part of the 'third sector', which encompasses all organisations which are nongovernmental, principally reinvest surpluses in the community or organisation and seek to deliver social or environmental benefits.

(OTS, 2006, p.10)

Some commentators have suggested that the relocation of social enterprises from the Business Department to the Cabinet Office reflected the changing political strategy of the New Labour Government, so that it began to promote 'the business model' within third sector organisations claiming that charities and other voluntary and community organisations had a long tradition of trading for a social purpose (Aiken, 2006; Teasdale, 2010). Signs of fragmentation were evident when the Social Enterprise Coalition and RISE (the social enterprise network for the South West) created an accreditation in 2010, 'the Social Enterprise Mark', to identify organisations that met defined criteria for 'social enterprises' (Social Enterprise Mark, 2010). This move generated controversy in and beyond the third and social enterprise sector, as the Social Enterprise Mark criteria excludes many co-operatives who pay out more than half their profits as dividends, social businesses who had no asset lock to prevent assets being used for private gain and community enterprises who derived less than half their income through trading (Teasdale, 2010). However it should be noted that the SE Mark criteria also match the UK definition of a social enterprise (DTI,

¹⁰ACEVO is a membership body for civil society chief executives. It was set up in 1987 by a group of leaders of charitable organisations who wanted to develop a networking and support group for the charity sector. NCVO, established in 1919, is the largest umbrella body for VCOs in England (Davies, 2008).

2002).

The reduction of public sector funding for voluntary community and third sector organisations in recent years has created pressure for these organisations to move in the direction of socially entrepreneurial and trading activities and reduce their traditional dependence on state grants, subsidies and donations (Madichie and Read, 2008; Di Domenico *et al.*, 2009; Social Enterprise UK, 2011). It has been argued that the 'social enterprise' form offers a way forward for third sector organisations by providing a 'business-like' model of organisation and operation which is more suitable for them in terms of their organisation's social mission, (democratic) governance and (social) ownership (Aiken, 2007). The social enterprise model, it is argued, allows third sector organisations to be more sustainable and financially independent (Bridge *et al.*, 2009).

This, however, poses numerous challenges. According to Bruce and Chew (2011), third sector organisations' experiences in public sector delivery have been negative, as a large number of organisations, especially smaller ones, have often experienced difficulties in competing in the public contracting market place.

In the policy agenda that subsequently evolved, social entrepreneurial activity has been seen as reforming welfare and public service provision (Lyon and Sepulveda, 2012). It has been claimed that the provision of public services by social enterprises could help in the delivery of services to users (McCabe, 2010; Alcock, 2010). Minimising the involvement of the state in areas of traditional public policy (for example, health, social care and education) was initially passed through the privatisation of public services in the 1980s. Hence, it could be argued that the advancement of the social enterprise sector onto the UK public policy agenda has taken place since the 1980s, with the privatisation of the public sector and the reduction in public sector funding for VCOs and the wider third sector (Brapp, 2008).

This policy agenda has been strongly accelerated following the global financial crisis since 2008 with the UK government implementing austerity measures to combat the large public account deficit (Teasdale, 2010).

The prominent role of social enterprises within the delivery of public services appears set to continue under the policies of the Conservative-Liberal Democrat Coalition Government¹¹ that has put civil society and social enterprise organisations at the ‘heart of public sector reform’ (Cabinet Office, 2010a; 2010b). Prime Minister David Cameron pointed out in a speech on the Big Society: *“We will identify and work directly with the social entrepreneurs who have the capacity to run successful social programmes in communities with the greatest needs”* (Conservative, 2009). In May 2010, the Coalition Government announced that it would support the creation and expansion of social enterprises, enabling them to have much greater involvement in the running of public services and promoting the role for social enterprises in building the Big Society (Cabinet Office, 2010a). In contrast to New Labour, the Coalition’s discourse of the Big Society agenda focused principally upon the perceived failure of the state to meet social needs and deliver public services, and the ability of communitarian action to address these deficiencies through the pursuit of social entrepreneurial activity, with open markets and competition acting as their main coordinating mechanisms (Cabinet Office, 2010b).

In 2011, the Big Society Bank (currently known as Big Society Capital) was set up by the Coalition Government to provide funds to intermediate bodies to support social enterprise activities (Cabinet Office, 2010a, 2010b). However, there is a clear need for critical empirical enquiry as to what the consequences of establishing the Big Society Capital will be in practice (Alcock, 2010). For some, this agenda appears less about a commitment to advancing social enterprise and more about a process of privatising public services and undermining universal service provision, particularly in relation to more marginalised and

disadvantaged individuals and social sectors (McCabe, 2010). Some scholars have claimed that it is ethically wrong for social enterprise to replace the state's role in protecting the vulnerable and the welfare state stating that the social enterprise sector is being viewed as a panacea by the Coalition Government but without any significant state funding to support it (Murdock, 2010).

The evidence demonstrates that there have been different political discourses since the term 'social enterprise' was first institutionalised in the United Kingdom. Within the current UK policy context, the social enterprise "Business Model" that has come to particular prominence is one rooted within what Defourny and Nyssens (2010) refer to as the "Earned Income" school. The Earned Income school is located within the Business Model developed by Nicholls (2010) where the nature of traded goods and services is not seen as important, and organisations can develop trading activities that are only related to the social mission through the financial resources that they help to secure (see Section 2.2.1 for further details). Within the "Earned Income" school, voluntary and community organisations make functional use of commercial activities in support of their social objectives, with trading activity mainly considered as an income source (Teasdale, 2010). The implication of this approach, a rationale for public policy promoted by New Labour and later endorsed by the Coalition Government, is that any third sector body can get involved in trading, either directly or through 'trading arms' (for example, charity shops) and, hence, become a social enterprise.

The UK policy model of social enterprise is significantly different from other traditions of thought, notably that of the Social Enterprise European Research Network (EMES) whereby the 'social' element is built into the trading activity, or the very production of goods or services itself constitutes the way in which the social mission is pursued and hence democratic governance becomes an imperative (Borzaga and Defourny, 2001). Examples of this tradition exist in the UK in the form of 'social firms' that create jobs for disadvantaged people and 'fair trade' organisations characterised by their payment of social premiums and

guaranteed minimum wages, cooperative distribution and democratic governance and high relative wages to producers (for example, in developing countries) (Aiken, 2007). Central to the social enterprise policy agenda is the recognition of different markets and state funding to meet the needs of increasingly diverse and multi-ethnic societies.

2.3 Ethnicity and cultural diversity

The study of diversity is a new area of development in social enterprise studies (Sepulveda *et al.*, 2010). Although there are many dimensions of diversity including age, gender, socio-economic background and ethnicity, this thesis specifically focuses on ethnicity and cultural diversity. Definitions of 'ethnicity' are subject to much discussion (Modood, 2005; Simpson and Akinwale, 2004; Coleman and Salt, 1996; Bulmer, 1996; Ballard, 1996; Solomos and Back, 1996). The term 'ethnicity' describes a group possessing some degree of coherence and solidarity, composed of people who are aware of having common origins and interests¹² (Cashmore, 2001). An ethnic group can be defined thus as a group of people whose members identify with each other, through common characteristics such as history, religion, language, shared territory, nationality or physical appearance (Marsh, 2010). As such, it can be suggested that we all belong to an ethnic group and there are different definitions and ways of understanding the term 'ethnic group'. Bulmer (1996) defines an ethnic group as follows:

A collectivity within a larger population having real or putative common ancestry, memories of a shared past, and a cultural focus upon one or more symbolic elements which define the group's identity, such as kinship, religion, language, shared territory, nationality or physical appearance. Members of an ethnic group are conscious of belonging to the group.

(Bulmer, 1996, p.35)

¹²The term "ethnicity" derives from the Greek *ethnikos*, the adjective of *ethnos*, which may be translated as a 'people or nation' (Cashmore, 2001).

Alternatively, Modood and Berthoud define an ethnic group as:

... a community whose heritage offers important characteristics in common between its members and which makes them distinct from other communities. There is a boundary, which separates 'us' from 'them', and the distinction would probably be recognized on both sides of that boundary. Ethnicity is a multi-faceted phenomenon based on physical appearance, subjective identification, cultural and religious affiliation, stereotyping, and social exclusion.

(Modood and Berthoud, 1997, p.13)

Although people tend to identify themselves as members of an ethnic group, ethnic identity is further marked by the recognition from others of a group's distinctiveness (Gardener and Collony, 2005). This ascribes the status of the majority of the total population and the remainder of individuals or 'others' as a minority group (Cashmore, 2001). In sociology, the term 'minority' has been associated with powerlessness, discrimination, prejudice, and overt hostile oppression (Phinney, 1996). Defining an "ethnic minority" is a correspondingly complex and contested undertaking, leaving the term open to debate and confusion (Jamal, 2003; Mason, 2000). According to Marsh (2010), 'ethnic minority' refers to an ethnic group that is numerically smaller than the predominant group in the country. Several authors have claimed that the term "ethnic minority" refers to a segment or sub-culture that can be distinguished from the dominant culture on the basis of cultural background, affinity and genetic heritage (Jamal, 2003; Mason, 2000).

It can be suggested that, as yet, no single universally accepted definition of the term "ethnic minority" has been reached. Moreover, the terminology used to describe minority populations varies and changes over time. For instance, in the UK, whilst the term 'ethnic minority' traditionally in Home Office nomenclature referred to anyone who had classified themselves in any category other than 'White British', some agencies have introduced terms such as 'Black and Minority Ethnic' (BME) or 'Black and Asian Minority Ethnic' (BAME) concepts that emphasise the role of well-established communities often from former UK colonies and Commonwealth countries (for example, Jamaica, Trinidad, India, Bangladesh) (Vertovec,

2007a). Consequently, collecting data on ethnic minorities is a challenge because of the divergence that exists in the terminology and definition used.

Cultural diversity in turn refers to mixed cultures that are formed by the various ethnic minority groups living in a country and for this thesis, it provides a particular context within which social enterprise activity can develop and be examined. In the last thirty years there has been increased mobility associated with economic globalisation and its varied special impacts (Williams, 2009). This has been seen not just an increase in the scale of flows, but also changes in the origins, destinations and types of migratory flows (Syrett and Sepulveda, 2011). The result is greater ethnic diversity in most advanced industrialised countries,¹³ not just in terms of populations being increasingly diverse in terms of ethnicity and country of origin, but also in respect to other significant variables that affect where, how and with whom people live (Vertovec, 2007b). These variables include differential immigration statuses and their concomitant entitlements and restrictions of rights, divergent labour market experiences, discrete gender and age profiles, patterns of spatial distribution, and mixed local area responses by service providers and residents (Cantle, 2008; Vertovec, 2006). These interrelated variables produce a complex picture of 'super-diversity' in some localities and create challenges and opportunities that have not been considered in the past (Vertovec, 2006, 2007a, 2007b), as is clearly observed within the East London case (see Chapter 5).

2.3.1 Challenges and opportunities for ethnically diverse societies

It has been suggested that an ethnically diverse society presents a range of challenges and opportunities for socio-economic development (Syrett and Sepulveda, 2011). Some of the positive economic opportunities include the development of skills and knowledge, enterprise activity, creativity and innovation and diverse environments (Lee, 2011; Lian and Oneal,

¹³ Most advanced industrialised countries, not only the traditional net immigration countries such as the United States of America, Canada, Australia and the United Kingdom, but also other European countries such as Spain, Ireland and Sweden have experienced significant immigration since the 1980s up until 2008, producing increased ethnically diverse societies (Reitz *et al.*, 2009).

1997; Ottaviano and Peri, 2006). High-skilled labour flows have attracted particular attention in recent years in industrialised countries (Iredale, 2001; Kuptsch and Fong, 2006). Yet population diversity not only contributes to a different mix of human capital in terms of formal and informal skills, knowledge and education, but also creates new markets for goods and services (Syrett and Sepulveda, 2011). Ethnic minority participation in terms of self-employment and ethnic entrepreneurship is a powerful economic force that contributes to solve skills shortages in many industrialised countries (Baycan-Levent and Nijkamp, 2009; Hart *et al.*, 2009; Ram and Jones, 2008). Moreover, it has been claimed that cultural diversity creates opportunities for innovation and creativity (Florida, 2002; Wood and Landry, 2008). An example of how innovation and creativity within ethnically diverse communities has helped to develop a particular geographical area can be observed within the Silicon Valley in the United States of America (Syrett and Sepulveda, 2011). In addition, ethnically diverse populations make environments attractive to certain workers, investors and visitors (Florida, 2002).

Although the literature presented above has demonstrated the positive impacts of cultural diversity, other studies have tended to emphasise the negative economic impacts of cultural diversity upon economic and social development growth (see Syrett and Sepulveda, 2011). It has often been claimed that a number of challenges arise from the presence of ethnic diverse populations such as the fact that immigration places downward pressure on wages and creates job insecurity due to the supply of labour (Somerville and Sumption, 2009b). Another argument is related to increasing polarisation and a reduction in trust (Alesina and La Ferrara, 2005; Easterly and Levine, 1997). The challenges presented by ethnic minorities particularly relate to issues of racism, discrimination, deprivation and exclusion (Cabinet Office, 2003). Although these issues are often strongly intertwined, they have been separated to allow clearer analytical specification.

Racism and ethnic discrimination

Racial or ethnic discrimination is manifested when the treatment of an individual/s is unfavourable on the basis of the perceived 'race', 'ethnicity' or 'culture' (Odmalm, 2004). Discrimination can be expressed in the actions of groups or individuals; but it can also manifest itself in the behaviour of institutions (Afridi and Warmington, 2009). Although equality legislation has improved markedly in industrialised countries in recent years (for example, the Equality Act 2010 in the UK), there are still examples of racial or ethnic discrimination such as prejudice in the workplace (Papillon, 2002). A particular instance is the recent rise in Islamophobia following events such as the terrorist attacks in the United States, Spain and the United Kingdom, as well as continuing fears about 'home-grown' Islamic terrorism (Lopez, 2011). This intolerance and stereotypical view of Islam and Muslims stoked by the media is manifest in a number of ways from verbal/written abuse, discrimination and exclusion at schools and workplaces, psychological harassment/pressure and outright violent attacks on mosques and individuals (Putnam, 2003). There have also been a number of instances of riots and civil disturbances related to race relations in recent years. An example of this is the riots in Oldham, Burnley and Bradford in the north of England in 2001 which involved confrontations between large numbers of people from different ethnic minority and white backgrounds, resulting in the destruction of property and attacks on individuals (Afridi and Warmington, 2009).

Deprivation and spatial exclusion

It is frequently the case that ethnic minority populations are concentrated in the most deprived areas and experience higher levels of social and economic disadvantage such as unemployment, poor skills, low incomes, poor housing, high crime environments, poor health and family breakdown (Blackburn and Ram, 2006). These disadvantages can be linked to problems with language difficulties, legal status and prejudice, lack of citizenship awareness, powerlessness and a lack of knowledge in how to access services and facilities (Blackburn and Ram, 2006). Social and spatial deprivation can result in 'ghettos' of intense exclusion

being formed with ethnic minority populations, as identified within inner cities in the United States (Massey and Denton, 1993; Wilson, 1996). Similarly, a study carried out in Britain by Law (2010) shows that significant reductions in levels of employment and income results from living in racially and ethnically segregated metropolitan areas.

Putnam (2007) comments that different ethnic groups are increasingly segregating themselves from each other and retreating into “comfort zones” made up of people who share their ethnicity and/or nationality. He suggests although individuals may be well ‘integrated’ into their local settings within their ethnic or religiously-based communities, this can also create divisions between these communities and others, creating ‘parallel societies’ and, thereby, promoting problems of exclusion. Nevertheless, the relationship between ethnic minorities and deprivation is more complex as there are substantial differences across and between ethnic minorities in the levels of deprivation and social exclusion they experience in a host country (Putnam, 2007). Law (2010) points out not all ethnic minorities are deprived, excluded and living in poor conditions. It is necessary to distinguish between migrants from low-income developing countries and migrants from affluent countries, and also well-educated high skilled migrants from unskilled migrants. Moreover, evidence has shown that, whilst in certain areas ethnic minority communities did ‘*relatively well*’, some individuals from the host country (for example, traditional white working class groups in the UK) performed most badly (Sveinsson, 2009).

2.3.2 Ethnic minority organisations: opportunities for ethnic groups?

It is often claimed that ethnic minority organisations make a positive contribution to tackle discrimination, racism, social exclusion and deprivation¹⁴ (Blackburn and Ram, 2006; Syrett and North, 2008; North *et al.*, 2003). According to Putnam (2003), ethnic minority

¹⁴ The term ‘ethnic minority organisations’ includes ethnic minority enterprises and third sector organisations. This research includes, community based and voluntary organisations, charities, self-help groups, family and informal economies and social enterprises within the ‘third sector’ (Pearce, 2003).

organisations can contribute to the political integration of immigrants and refugees in advanced industrialised countries. A study by Weisinger and Salipante (2005) in the United States suggests that ethnic minority organisations create and sustain forms of social capital, thus ameliorating community identity conflicts in society.

Meanwhile, Fenema and Tillie (1999) claim that ethnic minority organisations create social trust which spills over into political trust and thus to higher political participation. They can also create employment opportunities for ethnic minority citizens and in so doing provide a basis for at least limited restrictive integration into the labour market (Ram and Jones, 2008; Sepulveda and Syrett, 2007; Lyon *et al.*, 2007, Rath, 2000; Light and Gold, 2000; Lees, 2003). In this respect, the wider contribution of ethnic minority organisations in developing services that meet local needs, enhance community development and build social capital through the mutual provision of advice and information exchange must also be recognised (Lyon *et al.*, 2007).

Moreover, ethnic minority organisations have been seen as a means of tackling deprivation in terms of building social cohesion and regenerating economically deprived areas (Ram and Jones, 2008). However, numerous authors have questioned the positive effects of ethnic minority organisations, claiming that by forming an organisation ethnic minorities fence off their ethnic or national identity from others and, therefore, exclude themselves from society rather than integrating (Alesina and La Ferrara, 2005; Togeby, 2004; Easterly and Levine, 1997). Previous studies have also indicated that many ethnic minority organisations remain heavily concentrated in highly competitive and precarious market niches that are under capitalised (Curran and Blackburn, 1993). Therefore, the conditions of ethnic minority organisations can actually marginalise communities rather than bring them opportunities. The opportunities for the development of ethnic minority organisational activities in any given country can partially be explained by the political strategies that concern ethnically diverse societies.

2.3.3 Political strategies for ethnically diverse societies

It is important to understand the different political strategies that governments from industrialised countries have undertaken towards immigration and ethnically diverse societies and what the consequences of these policies have been. Generally speaking, these policies themselves range from assimilation and integration to multiculturalism (Castles *et al.*, 2003). Assimilation can be defined as *“a process of complete absorption, through policies and programs of forced integration, based on the idea of a certain end-state where immigrants are fully absorbed into the norms and values of the receiving society”* (Alghasi *et al.*, 2009, p.21). In the 1950s and early 1960s, many recipient countries, including the UK, adopted a policy of assimilation by which ethnic minorities were expected to assimilate into the host culture by shedding the practice of their own cultures and traditions (Vertovec, 2007b). France, today, pursues a strongly assimilation policy which coerces immigrants and ethnic minorities into the political community as French citizens and into their dominant culture based on linguistic homogeneity and civic nationalism (Castles *et al.*, 2003). An example of this is the banning of the Burka in public places in France recently, in contrast with the British multicultural approach that is explained below.

Integration refers to a process through which immigrants and refugees become part of the receiving society. Integration can have more than one meaning. For some, it represents a return to the principle of assimilation, whereby integration normatively implies a one-way process of adaptation by newcomers to fit in with the dominant culture and way of life (Back *et al.*, 2002; Entzinger, 2003; Worley, 2005). For others, integration refers to a two-way process of adaptation, involving changes in values, norms and behaviour of ethnic minorities (both established and recently arrived communities) who have the right to pursue their own religion and languages and to establish their identity. This cultural recognition and respect for difference in an existing society are the core values and includes recognition of the role of the ethnic community and the idea that broader social patterns and cultural values may change in response to immigration (Castles *et al.*, 2003).

Another political response to mass migration has been *multiculturalism* which promotes a process based on understanding respect and tolerance, thereby encouraging the integration of many cultures into a 'harmonious' society without the need for any to be subsumed under a presumed national culture (Kirby, 1999). One of the principles of multiculturalism is that ethnic minority participation is necessary in all societal institutions, including the labour market and education, to achieve social equality. Another principle is that ethnic minorities have the right to pursue their own religions and languages. Central here is cultural recognition and respect for difference (Modood, 2007). As a result, multiculturalism requires governmental policies that ensure ethnic minorities have access to various rights (for example, anti-discrimination, equal opportunity and service delivery) in ways that match their needs (according to culture, gender, generation, location and so on), so that they acquire cultural capital (main language, citizenship rights, knowledge of the law and cultural knowledge) and human capital (education, vocational training and health) (Triandafyllidou *et al.*, 2011). A multicultural approach was seen to characterise the United Kingdom in the 1990s, and, more overtly in the Netherlands (Koopmans, 2004). In recent years, debates have arisen regarding the implications for multiculturalism, the risk of living in a multicultural society and the social relationships that exist between different communities within a country. Some critics have suggested that multiculturalism promotes 'diaspora closure' and, consequently, cultural separation, thus failing to solve the problems of reconciling the intolerance of group differences (Delanty, 2006). The new realities of ethnically diverse societies in industrialised countries contribute to strongly contested debates concerning the nature and future of appropriate political responses. Critical to understanding the evolving position and role of ethnic minority organisations has been the change in race relations and equality policies. The next section examines the UK's changing policy on race relations, particularly the move away from '*Multiculturalism*' towards an '*Integrationist*' approach and its implications for the development of ethnic minority organisations.

2.3.4 Changing migration and race relations policy in the UK: a shift from Multiculturalism towards an Integrationist Approach

Although multiculturalism was accepted in much of UK public life from the early-1980s with the approval of race relations legislation and official inquiries as a result of civil disturbances,¹⁵ it was only from the late-1990s under the New Labour Government that multiculturalism was formally embraced as a basis for inter-communal relations (Afridi and Warmington, 2009). Tony Blair, as the leader of the New Labour Government in 1997, argued that the UK had always been a society with a multitude of cultures, reflecting the plurality of social grouping within it (Solomos, 2003). With respect to the political support for ethnic minority organisations, it can be said that although the encouragement of organisational activities within ethnic minorities had been supported by years of central and local state funding in the 1980s and 1990s, this grew significantly from 1997 during the New Labour administration. The intervention of the New Labour Government fostered ethnic minorities and immigrants' ability to establish and sustain organisations (Bloemraad, 2005). As Afridi and Warmington (2009, p.59) noted, "*Multiculturalism offered BME organisations a reasonable secure route for accessing resources and produced an environment in which the BME third sector thrived*". Likewise, Glynn (2010, p.865) stated, "*BME organisations became institutionalised into the new politics of multiculturalism. They provided material and symbolic resources that immigrants could use to build a large and diverse organisational structure*". In addition, several policies were established to provide financial and capacity building support for ethnic minority organisations. Policy initiatives include the ethnic minority brief given to the Small Business Service (SBS) and Business Link operators (Law and Sayyid, 2007). Moreover, a number of support agencies were set up specifically to the needs of ethnic

¹⁵ The civil disturbances that took place in Brixton in 1981, Liverpool (Toxteth) and Birmingham (Handsworth) in 1985 among others as a result of the rising hostility and violence against Black communities by White British, led to the publication of the Scarman Report which was commissioned by the Government following these disturbances. This report revealed the racially disadvantaged nature of communities in the UK and the discriminatory practices used by the police against Black ethnic minority communities. Also it drew attention to the need to tackle discrimination and racism, to increase employment opportunities, especially for Black youths, and to counter urban decay and inner city decline and disadvantage (Afridi and Warmington, 2009).

minority communities and BME organisations (see Table 2.2).

Table 2.2 Support bodies for ethnic minorities and BME organisations in the UK

ORGANISATION	YEAR OF ESTABLISHMENT	PURPOSE/MISSION
BRAP	1999	National charity that aims to make a sustainable difference by working with others to understand better how practice might be improved in ways that reduce inequality.
The Black Training and Enterprise Group (BTEG)	1991	National organisation working to improve opportunities and outcomes for BME.
Council of Ethnic Minority Voluntary Organisations (CEMVO)	1999	National charity that aims to extend opportunities to people from the most disadvantaged communities in the UK.
OLMEC	2003	Community investment foundation which works alongside disadvantaged communities to deliver programmes that lead to positive impact. This includes a programme for BME social enterprises.
Race on the Agenda (ROTA)	1984	Social policy think-tank focusing on issues that affect Black, Asian and minority ethnic (BAME) communities.
Voice4Change	2006	National policy body dedicated to strengthening the ethnic minority third sector.

Source: compiled by author

Although, the Labour Government initially supported a multiculturalist approach, a number of subsequent events strained the multicultural consensus. The Cantle Report published in 2001 and commissioned by the then Home Secretary, David Blunkett, following the civil disturbances in Bradford, Oldham and Burnley in 2001, highlighted the ‘depth of polarization’, segregation, and the ‘parallel lives’ of ethnic minority communities (Afridi and Warmington, 2009). The Denham Report published in the same year announced its intention to review multiculturalism, making a shift to ‘integrationalism’ a key aim of government

(Home Office, 2001a). Therefore, it can be argued that since 2001, the New Labour Government moved away from its initial multicultural policy agenda towards a more 'integrationist' approach.¹⁶

Besides this, race relations worsened in the post-Iraq period of war and especially after the terrorist attacks in 2005 in London (Poynting *et al.*, 2004). The high rates of immigration up until 2008, including from Eastern Europe after the expansion of the European Union in 2004, created new pressures in migration policies and new measures were taken in order to tighten immigration controls. Furthermore, reduced influence of the ethnic minority sector within mainstream third sector organisations has been one outcome of the shift from multiculturalism towards 'integration' and 'community cohesion' approaches (Joppke, 2004). As CEMVO (2010, p.11) stated, *"the mainstream third sector has largely failed to build structural links with the BME sector, to aid its development or ensure its proper representation in local and regional decision making"*. Several BME support agencies (for example, CEMVO and Voice4Change England) have recently lost substantial public funding streams to non-minority mainstream third sector organisations, which is a potentially important loss for the ethnic minority political infrastructure in the UK (Sepulveda *et al.*, 2010).

Another novel outcome of this has been a change in government priorities for the allocation of resources for ethnic minority organisations (Reitz *et al.*, 2009). The new policy agenda has focused on the need for ethnic minority organisations to stress their ability to integrate with other communities to be able to access public funds. In June 2007, the Commission on Integration and Cohesion (CIC) published *Our Shared Future*. This report was concerned with setting up practical ways to promote cohesion and integration, whilst aiming to build community owned capacity to reduce tensions and create opportunities for more integrated

¹⁶ For example, when David Blunkett, Home Secretary in 2002 urged ethnic communities to speak English in their homes (Chand, 2005).

and cohesive societies (CIC, 2007). Moreover, a consultation document published in 2008 by the CLG (2008, p.5), *“Cohesion Guidance for Funders: Consultation”*, set out the government’s view that funders *“should not automatically award grants to third sector activities that are organised on the basis of ‘single identities’”*.¹⁷ Instead funders should primarily assess *“how their funding can be used to provide opportunities for interaction”* among people and groups from different backgrounds, identities and forms of affiliation in relation to those who run an organisation, its target group (customers or beneficiaries) and staff (CLG, 2008, p.5). Hence, it could be argued that traditional sources of funding for ethnic minority organisations working with specific communities have been reduced significantly in recent years and organisations are currently under threat (D’Angelo *et al.*, 2010; Afridi and Warmington, 2009). It can be concluded that the shifting policy discourse from “multiculturalism” towards an “integrationist” agenda provides a significant change in the policy context in relation to ethnically diverse societies and support for ethnic minority organisations. The integrationist agenda has generated stricter migration policies and new priorities for the allocation of resources for ethnic minority organisations which require these organisations to adopt approaches that provide opportunities for interaction and integration with other social groups rather than ‘single group’ services that are targeted to specific ethnic minority communities. A consequence of this is that ethnic minority organisations are required to stress their ability to integrate with other communities if they wish to access a diminishing number of funding streams or successfully bid to deliver public services (CLG, 2008). While it is no surprise that the loss of funding has negatively affected some particular disadvantaged groups, this may also benefit others, as they are better able to move beyond their own minority and provide services for the wider community. It could be argued that the policy emphasis towards ‘integration’ and ‘community cohesion’ has redefined the structure of opportunities for ethnic minority social entrepreneurial activities. Critical to understand social enterprise activities within ethnic minorities is the relevance of evolving social enterprise policy agenda to ethnic minority groups as well as the definition used of the term

¹⁷ Single identity is defined in terms of a particular ethnicity, nationality or religion.

‘ethnic minority social enterprise activity’ by policy makers and representatives from the BME and the social enterprise sector.

2.4 Identifying and defining ethnic minority social enterprise activity in the UK

There is little evidence about ethnic minorities’ involvement with social enterprise activity in the UK. A number of practitioner-oriented studies have reported a growing propensity of ethnic minority organisations to become involved in social enterprise activity and that ethnic minority groups are more likely to become engaged in social enterprise than the majority non-BME white population (NCVO, 2009; OLMEC, 2007, 2011; SEC, 2009). There is also well-documented evidence that has shown that ethnic minority social entrepreneurial activity is taking place both formally and informally within voluntary and community-based organisations (Sepulveda *et al.*, 2010) as well as ethnic minority businesses (Lyon *et al.*, 2007). This evidence seems to suggest that ethnic minority social entrepreneurial activities are growing and developing as spontaneously occurring phenomena in response to particular social-economic conditions which require service gaps to be filled for ethnic minority communities (Sepulveda *et al.*, 2010).

An important point of debate relates to the definition and terminology used to refer to and identify ethnic minority social enterprise activities. Previous studies on ethnic minority social entrepreneurial activity have used the terms ‘BME’ (Black Minority Ethnic), ‘BAME’ (Black and Asian Minority Ethnic) or ‘BAMER’ (Black and Asian Minority Ethnic Refugees). This issue was clearly observed in two reports carried out by OLMEC (2007, 2011) concerning ethnic minority social enterprises in London and UK, a research project conducted by Voice East Midlands (2004), and a policy document produced by the Social Enterprise Coalition in 2009. It is noteworthy to highlight that in referring to ‘BAMER’, ‘BAME’ and ‘BME’ to describe ethnic minority communities involved within social enterprise activities, they largely encompass well-established ethnic minority groups in the UK (for example, Black Afro-Caribbean and Asian communities, rather than new arrival communities such as Eastern

Europeans and South Americans) and, therefore, marginalise certain ethnic minority groups currently living in the United Kingdom (Syrett and Sepulveda, 2011).

Another dimension relates to the basis upon which a social enterprise activity is characterised as 'ethnic'. Evidence indicates that official definitions of ethnic minority social enterprise activity tend to focus upon the issue of organisations' ownership and governance (GLA, 2007), rather than the ethnicity of 'beneficiaries' and 'staff'. To cite an example, Voice East Midlands (2004, p.2) defines 'Black and Minority Ethnic Social Enterprise' as *"those organisations that trade in the markets to primarily fulfil social objectives, with social ownership primarily belonging to the BME community"*. In contrast, the SEC (2009, p.5) advanced a more precise definition that focuses upon the owners/managers as the key variable, claiming that *"a common definition is emerging on what constitutes a BAME social enterprise; it is where 50% or more of the owners/managers come from BAME communities"*. Although such a definition provides greater clarity, its characterisation still has to confront the difficulties of calculating both the precise proportions and whether a simple majority of owners/managers comes from a BME community. Yet the issue is further complicated by the fact that ethnic minority social enterprise activities also have to be defined in relation to whether they fulfill social objectives.¹⁸

If the social mission of an ethnic minority social enterprise activity and, therefore, its beneficiaries is central to any definition, then it can be argued that the added social value or impact of that organisation needs to be subject to scrutiny to see to what extent organisations actually support ethnic minority communities. For example, it is possible that social enterprises that do not have a majority of ethnic owner/managers are effective in meeting the needs of ethnic minorities. Such organisations may play an important role in supporting ethnic minority communities but are not necessarily run by those from ethnic minority backgrounds. This focus upon the social mission of a social enterprise is prevalent

¹⁸ The manner by which the 'social' element of a 'social enterprise' is incorporated into an organisation is of crucial importance both conceptually and practically (Arthur *et al.*, 2010; Hudson, 2009).

in much of the existing academic literature (Borzaga and Defourny, 2001; Peattie and Morley, 2008).

A question that arises is whether current policy directives are stimulating ethnic minority groups' involvement with social enterprise activity, providing new routes for social and economic inclusion or in fact deepening and reproducing existing structures and process of exclusion affecting such groups. Whilst a few bodies have been established in the UK in recent years to provide advice and support services for ethnic minority social enterprise activities (for example, OLMEC), some well-established BME third sector organisations have started to provide capacity-building support for ethnic minority social enterprise activities (for example, Voice4Change England). Besides this, recent policy documents supporting ethnic minority social enterprise activity have emerged from mainstream support bodies. In 2008, the Social Enterprise Coalition (SEC) (currently known as Social Enterprise UK) published a report entitled *'Black, Asian and Minority Ethnic Social Enterprises, the business of opportunity and empowerment'* which encouraged the development of ethnic minority social enterprise activities and underlined their contributions to society. This was followed by a report in 2009 entitled *'A strategy for the social enterprise movement to improve the engagement and support of Black Asian and Minority Ethnic (BAME) social enterprises'*. The SEC recognised the necessity of supporting the development of the social enterprise sector among ethnic minorities, as well as actions on business support, finance and procurement; that is to ensure that these organisations gain equitable access to public service and private supply contracts (SEC, 2009). Although the SEC claimed that ethnic minority social enterprise activities need further support, they nonetheless concluded that, *"ethnic minorities are at the core of the social enterprise movement's work"* (SEC, 2009, p.24). Yet conversely, other BME bodies adopted a more critical perspective, arguing that ethnic minority interests remain marginalised and that the BME sector only has limited influence within the social enterprise movement. Voice4Change England, a national ethnic minority lobbying group, observed that the BME sector is not *"properly engaged in policy-making structures and*

networks relating to Social Enterprises, and that funding is not reaching BME groups that are developing as social enterprises” (Voice4Change England 2008, p.11). This suggests that whilst mainstream social enterprise bodies claim that current policies are reaching ethnic minority groups, BME bodies disagree, some arguing that in fact they face unequal access to mainstream support infrastructure.

2.5 Conclusions

This chapter has explored the existing evidence of social enterprise activities within ethnic minorities. Critical to an understanding of the engagement of ethnic minority communities within social entrepreneurial activities is the changing policy framework that has taken place in recent years, particularly the reduction of grant funding to third sector organisations (Madichie and Read, 2008; Di Domenico *et al.*, 2009; Social Enterprise UK, 2011), the privatisation of the public sector (Teasdale, 2010; McCabe, 2010) and the shift from multiculturalist towards an integrationist approach (CLG, 2008). Chapter 2 has underlined the discrepancies in defining and understanding the terms ‘social enterprise’ and ‘ethnic minorities’. The literature and policy review suggests that collecting data on ethnic minority social enterprise activities is a challenge because of the different ways of understanding and defining social enterprise activity in relation to ethnic minority groups. What is apparent is that different bodies have used different definitions and terminologies and that the definition of ‘ethnic minority social enterprise activity’ has been constructed using a top-down approach, with a lack of information about how it is used within these communities and organisations themselves. Hence, it can be argued that the definition of ‘ethnic minority social enterprise activity’ should be socially constructed allowing actors to define the organisations they are involved with. Therefore, rather than impose an external ‘official’ definition of what constitutes an ‘ethnic minority social enterprise activity’, this research uses a broad definition of ethnic minority social enterprise activities in order not to restrict the scope of study so that the actual and/or potential social enterprise activity within ethnic minorities across a wide variety of forms can be examined. Therefore, in this research, the

term 'social enterprise' is understood as an organisation that trades for social purposes (Teasdale, 2010). The term 'ethnic minority' is used broadly to capture the increasingly ethnically diverse nature of population groups in the UK (Vertovec, 2007a, 2007b). Thus, the term is used to refer to different subcategories of the population and migratory status including first, second, and third generation (British citizens), refugees and asylum seekers and irregular and undocumented immigrants.

CHAPTER 3

CONCEPTUALISING ETHNIC MINORITY SOCIAL ENTERPRISE ACTIVITY

3.1 Introduction

This chapter sets out the conceptual framework used in this study to examine ethnic minority social enterprise activity development. There is limited theorisation on social entrepreneurship and much analysis has either focused on agency or structure. Whilst one stream of research has focused on social entrepreneurs, by concentrating on their individual traits and leadership styles (Bornstein, 2007; Drayton, 2002; Thompson *et al.*, 2000), others have placed strong emphasis on the social enterprise context (market opportunities and the policy agenda) (Mair and Marti, 2006; Kerlin, 2010). Yet, to understand the development of social entrepreneurial activities, it is important to move away from considering agency and structural factors in isolation and look at the interaction between the two dimensions. Furthermore, although in the past entrepreneurship theories have contemplated the interplay between agency and structure, there is a need to reflect critically upon existing theoretical frameworks and examine to what extent these theories can be used to explain social enterprising activities within ethnic minority communities. Structuration and Mixed Embeddedness theories are considered in this chapter as they provide a useful starting point to explain the relationship between ethnic minority social entrepreneurs (agents) and the contexts (structures) in which they operate.

The chapter begins by presenting the main theoretical perspectives that have been identified as relevant to the study of ethnic minorities and social enterprise activities. As there is limited theory about ethnic minority social entrepreneurial activities, this chapter focuses on literature related to ethnic business entrepreneurship and third sector organisations. It is important to point out that although the literature review is used for

gaining understanding of ethnic minority organisations, the researcher does not pretend to generalise this to ethnic minority social entrepreneurial activities. It can be claimed that there are important differences between ethnic minority social enterprises and private businesses and third sector organisations in terms of the use of profits, mission, governance and ownership (Nicholls, 2010; Spear, 2010). In research on ethnic minority private businesses, the focus upon ownership is less problematic, given that it is generally easy to identify the owner-manager within them. However, this issue becomes far more complex with ethnic minority third sector and social enterprise organisations where there are several stakeholders involved in the running of organisations (e.g. board of directors, trustees, senior managers, funders, etc.) and which display a variety of ownership, governance and management models. Moreover, the tensions between 'social' (mission) and 'economic' (profit) aims are crucial to understand the differences between ethnic minority social enterprises and ethnic minority private and third sector organisations. While ethnic private businesses are focused on the 'economic' aims and ethnic third sector organisations on the 'social' aims, ethnic minority social enterprises need to combine the 'social' and 'economic' elements within the organisations (Arthur et al, 2010; Hudson, 2009; Spear, 2006).

In this chapter, the key factors shaping the development of ethnic minority social enterprise activities are explained based on literature related to social entrepreneurship and ethnic minority private businesses and third sector organisations, taking into account the interactions between the entrepreneurs and the structures that they are embedded within. The chapter concludes with the development of an enhanced conceptual model to understand ethnic minority social enterprise activities.

3.2 Structuration and Embeddeness theoretical frameworks: In search of a conceptual framework

The agency-structure interaction has been an issue that has received much attention over many years in the sociology literature (Giddens, 1989; Beckert, 2007). This has raised

questions about the nature of social reality and the manner in which this reality is conceptualised. Many authors such as Simmel (1903), Parsons (1951), Bourdieu (1977) and Bashkar (1979) introduced a dichotomous understanding of the relation between agency and structure in their writings, examining the relationship between its constituent elements. However, the problem of creating a dichotomy between agency and structure is that they come to be seen as independent of one another (Reed, 1997).

Structuration theory

Structuration Theory offers a distinctive theoretical approach about what is meant by agency-structure integration. Anthony Giddens developed the “Structuration Theory” in *The Constitution of Society* (1984), rejecting all theories with a strong agency or structure bias, and claiming that agency and structure cannot be easily separated. Giddens (1984) proposes a mutually dependent relationship between agency and structure and argues that it is impossible to detach one from the other. This is what is meant by “*duality of structure*”, the central concept of his theory. Agents draw upon social structures in order to act and, at the same time, they reproduce the same or slightly altered structures which in the end are established as the new conditions of action for the next cycle of the structuration process.

Agency is not only shaped by the structure but is also able to reconstruct the structure. Individuals or agents are enabled and constrained by socially constructed institutions or structures. Giddens (1984) states that an agent produces rationalised conduct through a notion of discursive consciousness, through which the agent routinely draws on the social and physical contexts in which he or she acts. Hence, an individual is a purposive agent who, through reflexivity, displays social action to participate and intervene in social life.

Giddens Structuration theory divides any social action or behaviour (praxis) into three necessary components: first, a ‘motivation’ for the agent to incur into the action (which can be either conscious or unconscious); second, the ‘rationalisation of the action’ (by constantly

making choices between different courses of action to fulfil a 'hierarchy of purposes'); and third, the 'reflexive monitoring of the action' (which it clearly influenced by interpretivist approaches) (Parker, 2000). In this way, motivation, knowledge and reflexivity are the three key elements that play a part in the carrying out of any social action (Craib, 1992). At the same time, Giddens divides the second of these components, 'rationalisation', by placing particular emphasis on the agent's ability to acquire knowledge. Thus, agents produce action by possessing information of the context and outcome of that action. The term "reflexivity" is used to refer to the ability of an agent to consciously alter his or her place in the social structure; thus, globalisation and the emergence of the 'post-modern' society might be said to allow for "greater social reflexivity" (Giddens, 1984).

A key feature of Giddens' Structuration Theory is that the structure is not static and definitive, but forming and formative, yet is at all times guided by rules and resources (Cohen, 1989). 'Rules' are conceptualised as generalisable procedures that are applied in the enactment/reproduction of social life and differentiated into 'procedural rules' (how individual social practices are performed) and 'moral rules' (what is permissible and what is not when carrying out social action and interaction) (Giddens, 1984, p.21). Resources can be either 'material resources', as in money or commodities, or 'resources of authority', such as cultural capital, political power and so on (Giddens, 1984). These are closely linked to social rules; for example, to use coins or bank notes, the user needs to know first that they belong to him/her and then how these are used and how to behave in a specific situation to transform them into other commodities. Giddens (1984) accords structure a formative position in social action, but also recognises the agent's freedom within the structure, a freedom to modify the structure. In other words, structures are produced, and then reproduced through interaction with agents. Agents bring change and are implicated in creating other new structures and agents (Jack and Anderson, 2002; Giddens, 1984). There have been a number of criticisms of Giddens' Structuration Theory (Archer, 1995; New, 1994; Murgatroyd, 1989). Archer (1995) argues that it offers only a 'conceptual vice' by conflating structure and agency into

unspecified movements of co-constitution and that this reduces the possibility of sociological exploration of the relative influence of each aspect (agency and structure). In its place she proposes 'analytical dualism' and argues that it is appropriate to separate agency from structure as they operate on different timescales, referring to this as a 'morphogenetic sequence'. In addition, Archer argues that although Giddens' theory offers a conceptual mechanism for explaining the reproduction of social structure, it does not explain crucial questions such as why do some forms of social reproduction succeed and become institutionalised, and others do not. Another critique comes from those who argue that Giddens fails to take into account the fact that some people have more choice than others, due to their class, gender, ethnicity, background, and so on, in any given situation (New, 1994). For example, feminist sociologists (Murgatroyd, 1989) point out that by omitting the consideration of gender from Structuration theory, Giddens only tells 'half the story'.

Despite these criticisms, Structuration theory provides a useful starting point to understand the dynamic relationship between the agent and the context in the development of ethnic minority social enterprise activities. Applying the theory to the study of ethnic minority social enterprises allows us to explore how the context (structure) enables and constrains the appearance of social enterprise activities, and how ethnic minority social entrepreneurs (agency) use the context for the creation, operation and development of their organisations.

Embeddedness

The last twenty-five years have seen increasing engagement with notions of Embeddedness as it offers a more direct link between sociological and economic accounts of business behaviour by providing the basis for understanding economic activity as inextricably linked to social context (Uzzi, 2000; Dacin *et al.*, 1999; Whittington, 1992). The Embeddedness theoretical framework provides a lens to understand the relationship between social and structural relations and the manner in which entrepreneurs operate.

Although Mark Granovetter is usually seen as the originator of the concept of Embeddedness, which has become the core concept of the new economic sociology; Karl Polanyi initially introduced it in 1957 (Beckert, 2007; Barber, 1995; Granovetter and Swedberg, 1992). In *The Great Transformation*, Polanyi argued that while *historically* economies were embedded in society and its social and cultural foundations, *modern* market economies are not only disembedded, but that “*instead of the economy being embedded in social relations, social relations are embedded in the economic system*” (Polanyi, 1957, p.57).

As Krippner (2001) has argued, Polanyi’s understanding of the embeddedness of the economy is rooted in an institutional perspective that sees markets as necessarily shaped by institutional regulations which connect them to the moral fabric of society. For Polanyi, markets are not networks of structurally equivalent producers, but “*rather fully social institutions, reflecting a complex alchemy of politics, culture, and ideology*” (Krippner 2001, p.782).

According to Beckert (2007), a limitation of Polanyi’s Embeddedness Theory is that he focuses exclusively on the process of market exchange itself and not on the larger social system. Lin and Kede (2011) argue that Polanyi’s theory is a moral criticism of the commercialisation and market society rather than an institutional analysis, which never really embeds the market into society. However, Polanyi’s vision can be used to understand ethnic minority social enterprise activity, as the social entrepreneurial process is conducted by collective actions in the embedded process of economy and society where the state and market are considered as active actors that participate in the process of social entrepreneurship. Nevertheless, Granovetter’s linking of embeddedness to the structuralist network approach in economic sociology implies a fundamental transformation of the concept (Beckert, 2007). According to Granovetter (1985), actors do not behave or decide as if they were atoms that exist outside a social context. Instead they are embedded in concrete, open systems of social relations. Granovetter argues that economic behaviour is

“clearly embedded in networks of interpersonal relations” (Granovetter, 1985, p.506). He accounts for the way economic transactions are necessarily embedded in social ties or trust, mutual obligation, personal sentiment and face-to-face communication rather than in formal, contractual and official bureaucratic procedures.

Granovetter (1985) also distinguished between two types of embeddedness: *‘relational’* embeddedness which refers to ‘economic actors’ and involves personal relations with one another; and *‘structural’* embeddedness which relates to the broader network to which these actors belong. Hence, Granovetter (1985) made a distinction between ‘social relations’ and ‘institutional arrangements or generalised morality’. He stresses the role of concrete personal relations and structures (or “networks”) of such relations in generating trust and discouraging malfeasance. The substitution of malfeasance for trust results in a situation that any rational individual would be motivated to develop (Granovetter, 1985).

Granovetter (1985) also recognised that some degree of trust must be assumed to operate and that the source of this trust is sometimes made within the existence of a *‘generalised morality’*. The widespread preference for conducting business with individuals of good reputation implies that few are actually content to rely on either *‘generalised morality’* or institutional arrangements to guard against trouble (Granovetter, 1985). Thus, according to Granovetter (1985), social relations, rather than institutional arrangements or “generalised morality”, are mainly responsible for the production of trust in economic life. However, while social relations with individuals, especially those of ‘known reputation’ may indeed often be a necessary condition for trust and trustworthy behaviour, they are not sufficient to guarantee these and may cause malfeasance and conflict on a scale larger than in their absence.

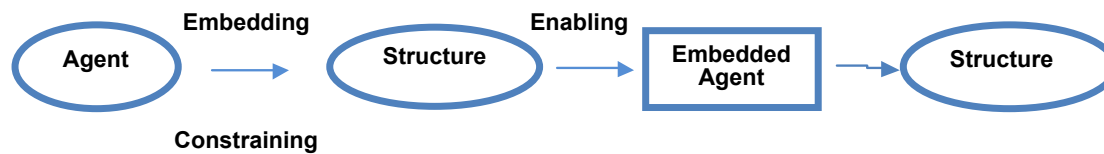
Granovetter (1985) claimed that there is irrefutable evidence of the extent to which business relations are mixed up with social ones. He focused on the importance of social relations in business life, claiming that social relations between firms are very important when bringing

order to economic life. Interlocking directorates link large firms and show a pattern of multiple relationships between their directors (Granovetter, 1985). For instance, when the power position of one firm over another is obviously dominant, the other is likely to capitulate early so as to cut its losses. He suggested that small firms in a market setting might be more resilient instead because a dense network of social relations supersedes its business relations, thus connecting such firms and reducing the pressure for integration. This may be a fundamental idea to understand why small and medium enterprises (SMEs) have persisted in the market over the years. Entrepreneurs use their social and personal networks (their 'strong' ties) in the realisation of opportunities (Chell and Baines, 2000). The development of an opportunity may depend, in part, on whom the entrepreneur can trust and rely (Kent and Anderson, 2003). Moreover, the type of network in which an organisation is embedded defines the structure of opportunities that are potentially available; its position in that structure and the types of inter-firm ties it maintains defines its access to those opportunities (Hansen, 1995). Trust helps to reduce transactional uncertainty and creates opportunities for the exchange of goods and services that are difficult to price or enforce contractually (Uzzi, 2000). Indeed, in some instances, being embedded actually creates opportunities. Jack and Anderson (2002) view embeddedness as a process of becoming part of local social structures and consider it a necessary mechanism for entrepreneurs to understand local rules, access local resources and to create value.

However, embeddedness can also act as a constraint. Uzzi (2000) identified conditions in which embeddedness can be turned into a liability, for instance, due to the unforeseeable exit of a core network player; when institutional forces rationalise markets or even when over-embeddedness stifles economic action when social aspects of exchange supersede economic imperatives. Figure 3.1 shows embedding as a mechanism whereby the agent interacts within the structure. This figure illustrates the fact that an agent (which can be an individual or an organisation) is embedded in the context, which enables or constrains the agent to draw upon and use resources. In turn, the structure is changed by the agent that

forms the material for the entrepreneurial activity.

Figure 3.1 Embeddedness: Agency and Structure



Source: Jack and Anderson (2002)

There have been a number of criticisms of the “embeddedness” concept. According to Uzzi (1996, p.674), one limitation is that it does not concretely explain “*how social ties affect economic outcomes*”. Beckert (2007) argues that Granovetter’s focus on network structures is inconsistent with regard to his own intention to provide an alternative to the over socialised and the under-socialised view of action. He also states that Granovetter’s embeddedness approach is limited because it has an exclusive focus on the structure of social relations and fails to explain how the social structure of markets emerge and why networks are structured the way that they are. In addition to that, Markusen (1999) criticises the concept of embeddedness by arguing that the concept is “fuzzy”, and that there are difficulties defining and validating the phenomenon beyond descriptive case studies. Despite these criticisms, “Embeddedness” theory is relevant to study ethnic minority social enterprise activities because it helps us to develop insights into the social and structural relations in which ethnic minority social entrepreneurs operate.

3.3 Structuration and Embeddedness in ethnic entrepreneurship studies

In the past, ethnic entrepreneurship theories have tended to focus on either ethnic entrepreneur characteristics (the agent) or the structure of opportunities. Cultural and Disadvantaged theories were the basis for much of the initial research into ethnic

entrepreneurial activity¹⁹ (Volery, 2007). Whilst Cultural theory suggests that the variation among ethnic minorities to seek self-employment can be explained by an agent's culture (Masurel *et al.*, 2004), Disadvantaged theory argues that the context is important to understand ethnic minority enterprises, as they face greater barriers than mainstream non-minority enterprises in terms of access to support, appropriate finance and inability to find opportunities (Fregetto, 2004). Nevertheless, although these theories can explain the development of ethnic minority enterprise activities in a number of ways, they do not suffice for comparison in different settings. In response to this, attempts to improve the theorisation of ethnic entrepreneurship through drawing together issues of agency and structure were made, through the advancement of the "Interactive" and "Mixed-Embeddedness" models.

3.3.1 The Interactive Model

The Interactive model, conceptualized by Waldinger *et al.* (1990a), explicitly focuses on the interaction of agency, culture and structure in the emergence of ethnic entrepreneurship. This model suggests that the success of an ethnic enterprise depends on a complex interaction between the agency and the structure, which differ in different contexts and circumstances (Volery, 2007). This model explains how these two dimensions steer the strategies that ethnic entrepreneurs deploy to create and run a business. Typically, opportunities emerge from the formation of a new ethnic community where only "co-ethnics" are capable of satisfying their specific needs (Waldinger *et al.*, 1990a). The opportunity structures also emerge from structural factors, including market conditions, job market conditions and regulatory frameworks. Another important factor is their access to resources which are shared by ethnic minorities of the same origin or cultural background (Waldinger *et al.*, 1990a). In this context, ethnic entrepreneurs can draw on the resources provided by their social and cultural networks (Volery, 2007).

¹⁹ There have been other theories related to ethnic entrepreneurial activity including Middleman theory (Bonacich, 1973) and Enclave theory (Wilson and Portes, 1980). See Zenner (1991), Muller (1993) and Light and Karageorgis (1994).

The Interactive model explains how the development of an ethnic enterprise depends on the interaction between opportunity structures and access to the resources that are held by a particular ethnic community. Ethnic strategies are the solutions to specific problems that ethnic minority entrepreneurs encounter as a result of the interaction between these two dimensions. For instance, some aspects of the opportunity structure can be influenced and improved with the help of a strong social network or vice versa (Waldinger *et al.*, 1990a). Although the Interactive model has been appreciated as an important step towards a more comprehensive theoretical approach, it has also been subject to criticism. According to Razim (2002), the Interactive model is too narrow because it looks at the traits of individual ethnic minority communities, seeing each as a resource. Other critics of the Interactive model identify the insufficient emphasis on the processes of the racialisation of immigrants and the *a priori* categorisation of immigrants as ethnic groups (Collins *et al.*, 1995). A further criticism is that it is often assumed that ethnic minority entrepreneurs act differently from non-ethnic entrepreneurs (Collins *et al.*, 1995; Rath, 2000; Ram and Jones, 2007). Yet, the evidence seems to refute this (Mayblin and Soteri-Proctor, 2011).

Finally, the lack of attention that has been devoted to issues of social class and gender and the narrow and static way that economic and politico-regulatory factors are dealt with, have been challenged by a number of authors (Rath, 2000; Collins *et al.*, 1995; Morokvasic, 1993; Bonacich, 1993). As a result, theoretical development in the last few years has led to a convergence of approaches to *social embeddedness* which coalesces around the idea that ethnic entrepreneurs are seen as participants in specific contexts (Portes and Sensenbrenner, 1993; Kloosterman, 2010). Different markets offer entrepreneurs different opportunities and obstacles, demand different skills and lead to different outcomes in terms of business success (Kloosterman and Rath, 2003). Acknowledging this issue, scholars have proposed a *mixed embeddedness* approach to ethnic minority entrepreneurship.

3.3.2 The Mixed Embeddedness Model

The Mixed Embeddedness model seeks to integrate elements of structure and agency, emphasising both actors (the ethnic minority entrepreneurs) and the opportunity structure (Kloosterman, 2010; Brandellero and Kloosterman, 2009; Kloosterman and Rath, 2003; Kloosterman *et al.*, 1999).

This model acknowledges the significance of the embeddedness of ethnic minorities in social networks and conceives that their relations and transactions are also embedded in a more abstract way within wider economic and politico-institutional structures. This model emphasises the notion of “opportunity structures”, and looks at the different national state regulatory regimes as a way of understanding the different trajectories of migrant enterprise across advanced industrial economies (Kloosterman and Rath, 2003). This provides the conditions for the business development of ethnic minority enterprises (Kloosterman, 2010; Brandellero and Kloosterman, 2009). According to Rath (2000), the state can be considered as both an “enabler” and “constrainer” of ethnic enterprise development within the Mixed Embeddedness model, which is an important theoretical extension to the context of self-employment within ethnic minorities. This model is much closer to the original meaning of embeddedness as proposed by Karl Polanyi (1944), because it encompasses the crucial interplay between the social, economic and institutional contexts, rather than that of Granovetter (1985) which led to a focus upon the importance of social networks among co-ethnics (Kloosterman *et al.*, 1999). Razim (2002) argues that the Mixed Embeddedness Model recognises that the structures of a local economy and legal–institutional factors generally exert a strong influence on the access of ethnic minorities to small businesses. The Mixed Embeddedness approach combines the micro-level of the individual entrepreneur and his/her resources; with the meso-level of the local opportunity structure and so link the latter to the macro-institutional framework (Kloosterman, 2010).

However, despite the fact that this model offers a more comprehensive explanation of ethnic minority entrepreneurial activities; it has also been subject of criticisms. Peters (2002) argues that “Mixed Embeddedness” fails to explain the wide-ranging inter-ethnic variation in entrepreneurial concentration observed among ethnic minority groups around the world. He contends that the reason for this is the model’s lack of historical anchorage. According to Peters (2002), a complete model must bring together not only the issues of ethnic resources, the opportunity structure and the socio-economic, cultural and institutional context, but also the agency dimension. To do so, he suggests that the study of ethnic minority entrepreneurial activities should incorporate individuals more fully into the explanatory process, for example, by taking entrepreneurs background into consideration. Another problem with this model is the issue of geographical scales. According to Sepulveda *et al.* (2010), although the Mixed Embeddedness model recognises the importance of spatial scales (international, national, regional and local); it does not explain the interplay between these and the agency-structure relations within them. Similarly, Guarnizo (2003) uses a perspective that stresses the idea of “transnational living” rather than simply transnational migration to argue that ethnic entrepreneurial activity not only correlates with the fortunes of small businesses in a particular area, but also with the transnational corporate activity and the state, emphasising the importance of different levels of business activity for ethnic minority social entrepreneurship. This thesis considers that the development of ethnic minority social enterprise activities needs to be better understood in terms of being a complex interaction between agency and structure as suggested by Structuration and Mixed Embeddedness theories (Giddens, 1984; Kloosterman *et al.*, 1999). The thesis also contends that the association between the macro and micro levels needs to be understood, as it is not only at micro levels that the development of ethnic minority organisations and enterprises occur or are linked to, but at all levels where transactions take place. Having identified the importance of agency-structure relations to understanding ethnic minority social enterprise activity, the next section examines the characteristics of social entrepreneurs and the key agency and structural factors that contribute to shape the development of ethnic

minority social enterprise activities.

3.4 Social entrepreneurs: heroes or just ordinary people?

The term 'social entrepreneur' has recently become a subject of attention in academic and political debate; however, it is not a new phenomenon. First used by Chamberlain (1977) in the context of an allegedly "new breed of pragmatic, innovative and visionary social activists" (Nicholls, 2006b, p.2), throughout history, social issues have been addressed by entrepreneurial individuals such as Florence Nightingale who revolutionised the theory of hospital conditions in the late 1900s (Bornstein, 2007) and John Durand who worked with people with mental disability in the early 1960s (Alter, 2006). It has often been claimed that social entrepreneurs have a special talent to recognise social needs and find new solutions to tackle such issues and, therefore, they are able to change and influence the context in which they are embedded ²⁰ (Dees *et al.*, 2001; Leadbeater, 1997).

Social entrepreneurs have often been presented as exceptional individuals with certain specific traits and "entrepreneurial talent" (Sen, 2007; Bornstein, 2004; Austin *et al.*, 2006; Leadbeater, 1997). This approach to understanding 'social entrepreneurs' can be linked to the Hero Entrepreneur Model mentioned earlier in Chapter 2 (see Section 2.2.1), where social entrepreneurs (agents) are considered to be crucial to understanding the development of social entrepreneurial activities (Nicholls, 2010). Social entrepreneurs have been described as energetic, persistent, confident and inspirational individuals, launching new activities that commit to a social mission whilst behaving as true entrepreneurs in terms of dynamism, personal involvement and creative and innovative practice (Shaw and Carter, 2007; Defourny and Nyssens, 2001). According to Vega and Kidwell (2007), social entrepreneurs are innovators, particularly in terms of applying solutions to social problems that have not been tried by either the private, public or voluntary sectors.

²⁰A key line of research on social entrepreneurs relates to whether they share common characteristics with 'conventional business' entrepreneurs. See Dees *et al.* (2001) and Boschee and McClurg (2003) for further information.

Peredo and McLean (2006) identified several personal qualities of successful social entrepreneurs including empathy, moral judgement and a high degree of perceived self-efficacy. However, although these authors have tried to single out the personality traits of social entrepreneurs, there is little empirical evidence to support this argument. Several studies have suggested that those who establish and lead social enterprises do not necessarily fit the 'heroic' individual thesis (Amin, 2009; Humbert, 2012). Spear (2006) states that the picture of social entrepreneurs as 'heroes' is something of a myth. Based on evidence from an ethnographic study of social enterprises in Bristol, Amin (2009) suggests that social entrepreneurs are predominantly "ordinary people". He describes those leading social enterprises as mainly *"directors answering to a board of trustees or management committee, and working with a small team of people responsible for specific tasks such as finance, operations, sales or human resources. They are not heroic figures, but rather 'career' professionals or experienced social economy actors"* (Amin, 2009, p.39). While the "heroic social entrepreneurs" approach assumes a hierarchical structure of organisations with a leading individual (Sen, 2007; Bornstein, 2004; 2007), there is much evidence that social enterprises in fact rely on a collective and organised team (Light, 2008; Roberts, 2006; Spear, 2006).

It is also important to recognise the diversity among social entrepreneurs. Until fairly recently, much of the literature has viewed social entrepreneurs as relatively homogeneous in terms of their characteristics (Humbert, 2012). In fact, mainstream literature on entrepreneurship studies have often been criticised for failing to address their heterogeneity (Ahl, 2006; Essers and Benschop, 2007). There is little empirical research available on who social entrepreneurs are or differentiating between individuals among them, and a lack of agreement in the results emerging from the limited empirical research. When exploring their biographies, a dominant characteristic that emerges is the diversity of this group, in terms of entrepreneurs' ethnicity, gender, age and socio-economic background (Mair and Marti, 2006). However, the question of why certain individuals tend to be more or less likely to get

involved in social entrepreneurial activity remains of interest. Evidence from an online survey carried out in the United States suggests that social entrepreneurs are likely to be female, non-white, younger, and college educated individuals with some business experience and who live in big cities (Van Ryzin *et al.*, 2009). With respect to the UK, the UK Annual Small Business Survey in 2005 estimates that women are much less likely to be leaders of social enterprises than men (reporting a ratio of six male-led social enterprises to every female-led social enterprise) (SBS, 2005). However, the 2006 Global Entrepreneurship Monitor survey indicates that women are almost as likely as men to be involved in social entrepreneurial activity (around four women for every five men), a ratio that favourably compares to that of more than twice as many men as women in conventional entrepreneurial activity (Harding, 2006).

Regarding the age of involvement, the Global Entrepreneurship Monitor UK survey indicates that older people (over 55) are more likely to be involved in an established social enterprise (Harding, 2006). Meanwhile evidence from a study carried out in the UK by Ramsay and Danton (2010) claims that very young individuals (14-24 years old) are not well represented among social entrepreneurs. However, the Van Ryzin *et al.* (2009) results from an online survey in the United States indicate that younger people are more willing to be involved in a social enterprise. With respect to ethnicity, the Global Entrepreneurship Monitor (GEM) UK survey in 2006 estimates that ethnic minority groups are more likely than White groups to become social entrepreneurs, and that Black Africans are three times (and Black Caribbeans twice) more likely than Whites to become social entrepreneurs (Harding, 2006). However, research conducted by the Cabinet Office suggests that only 7.6% are social enterprises with BME involved as main protagonists (Delta Economics, 2010). The discrepancies when exploring who social entrepreneurs are can be explained by the use of different definitions and methodologies for data collection (e.g. the GEM survey findings were relative to population size). Therefore, these results must be treated with some care.

3.5 Agency related factors shaping the development of ethnic minority social enterprise activities

It is important to gain an understanding of the role played by the social entrepreneurs in the development of ethnic minority social entrepreneurial activities. Several variables have been considered important for understanding the agency dimension based on literature related to social entrepreneurship and ethnic minority private enterprises and third sector organisations as there is limited research about ethnic minority social entrepreneurial activities (see Section 3.1). These include entrepreneurs' motivations, educational level, skills, experience, culture, ethnicity and generational issues.

3.5.1 Motivations

Motivations for social entrepreneurs are extremely complex as they often have a variety of underlying motives to set up an organisation (Humbert, 2012; Spear, 2006). According to Shaw and Cater (2007), social entrepreneurs have strong community-orientated values and place a lot of importance on their social objectives. These motivations include altruism, ethical/social concerns or ideological aims (Prabhu, 1999; Spear, 2006; Hudson, 2009). Desa (2007) claims some social entrepreneurs have been born into families where values and ethics are firmly inculcated. Others social entrepreneurs respond to very personal experiences such as Szekeres Erzsébet, founder of Alliance for Rehabilitation, who had a disabled child and thus had gone on to pioneer new ways for disabled children to interact with each other and participate in Hungarian society (Nicholls, 2006a). In some cases, personal suffering or deprivation had sparked a desire to take action, and in other cases, prior contact with others who were suffering from a particular disadvantage has provoked action (Nicholls, 2006a). Sharir and Lerner (2006) suggest that social entrepreneurs share some motivations with their non-minority counterparts in terms of personal fulfilment and independence, but also tend to have unique motivations linked to community contribution and affiliation.

Specifically with regards to ethnic minority organisations, it has been suggested that ethnic minority entrepreneurs are characterised by being highly motivated, with aspirations which pull them towards setting up an organisation²¹ (Ram and Jones, 2008; Dana and Morris, 2007). Britton (1999) and Iffla (2002) suggest that motivation for being involved within an ethnic minority organisation includes a sense of belonging, working to improve community conditions, and meeting the specific needs of ethnic minority communities. Similarly, Schover and Vermeulen (2005) argue that ethnic entrepreneurs set up organisations to create, express and maintain a collective identity. Azmat and Samaratunge (2009) suggest that some ethno-cultural characteristics such as religious beliefs, family ties, and compliance with social values observed in some ethnic minority communities can help to orientate individuals towards developing an organisation. Mayblin and Soteri-Proctor (2011) point out ethnic minority entrepreneurs often have a strong link to faith and family values. This links to seminal work by Weber who argued that the role of a common ideology (in this case of his analysis of the Protestant religion) was important in motivating people to undertake entrepreneurial activity and which was also fundamental to the rise of capitalism in Western countries due to the work ethic and emphasis on individualism espoused by Protestantism (Spear, 2010).

On the other hand, other studies have indicated that some ethnic minority entrepreneurs have been motivated by “push” factors resulting from a lack of opportunities, so were compelled to establish such enterprises out of economic necessity (Baycan-Levent and Nijkamp, 2009). It has often been said that ethnic minorities face a number of constraints (such as language and cultural values), which limit their opportunities in the labour market (Kloosterman, 2010). This ‘blocked-mobility’ refers to an inability to find a job that fits their skills, interests and ambitions due to prevailing economic structures and/or discriminatory practices that push immigrants towards self-employment (Saxenian, 1999; Kloosterman and

²¹ In this study, a general definition of ‘ethnic entrepreneur’ has been adopted as this includes leadership qualities. Therefore, this term refers not only to an organisation’s owners; it also incorporates leaders and managers.

Rath, 2003). Therefore, it can be argued that there are '*push*' and '*pull*' motivational factors within ethnic minority entrepreneurs, and that these motivations are relevant among ethnic minority communities when considering setting up such an organisation (Kloosterman, 2010).

3.5.2 Education, skills and experience

Earlier research suggests that a large proportion of social entrepreneurs are often well-educated, skilled and experienced people (Peattie and Morley, 2008). As Shaw *et al.* (2002) and Harding (2006) argue, a high degree of formal education appears to be a strong predictor of social entrepreneurial activity. Moreover, several studies have shown that social entrepreneurs are 'career' professionals who tend to operate in locations and sectors where they have experience (Amin, 2009; Shaw and Carter, 2007). Interestingly, some authors argue that social entrepreneurs tend to have a 'vocational' professional background and training as teachers, doctors, nurses, lawyers (Bornstein, 2007; Grenier, 2009). In contrast, other studies have shown that although social entrepreneurs have work experience in other fields, they often choose the social enterprise sector to develop an 'alternative' professional career (Nicholls, 2006a).

Regarding ethnic minority organisations, evidence suggests that those among them with high incomes, education and skills face fewer difficulties in developing organisations than those of low social class status (Clark and Drinkwater, 2000). Hence, lower social class status among ethnic minority entrepreneurs may act as a constraint for the development of an enterprise in some cases, especially among first generation migrants (Chaganti and Greene, 2002). However, although the typical picture of a migrant is as someone with relatively low levels of formal education, this is not always the case, as in many advanced societies, the number of very well-educated migrants who enter the country is growing (Docquier and Marfouk, 2004). Ley (2006) commented that one's level of education has become more relevant with the rising international migration of skilled workers, professionals

and business people in the last few years in the context of advanced industrialised countries. Thus, in the case of highly educated and well integrated ethnic entrepreneurs, the influence of the ethnic dimension can be reduced to a level where it is of limited relevance to the creation and management of an organisation. For instance, an early study carried out by Chaganti and Greene (2002) with East African refugee business owners confirmed that a high level of education was the key determinant for the development of their enterprises.

3.5.3 Culture and ethnicity

Much of the research on ethnic minority entrepreneurs has been based upon issues of culture and how it influences entrepreneurial behaviour (Volery, 2007). Several studies have shown that some ethnic minority and faith groups are more likely to be engaged with entrepreneurial activities than other groups. Spear (2010) commented that religious groups such as Quakers or Jews have strong links with entrepreneurial activity. Kirby (1993) argued that there are a range of factors that explain this including the high trust financial networks, a high population density and a degree of social exclusion. Moreover, some studies have indicated divergence in entrepreneurial success among different ethnic minority communities. Evidence from a study carried out by Ram and Smallbone (2001) in the UK suggested that businesses run by Black African Caribbeans tended to have lower sales, fewer employees and smaller payrolls, lower profits and higher closure rates than Asian businesses who tend to be more successful. Likewise, another study carried out by Fairlie and Robb (2003) in the United States demonstrated that enterprises owned by Black people were less successful than White-Owned businesses.

Other studies have suggested that ethnic minority entrepreneurs prompt innovation in the sense that they offer services and introduce new ways of doing things that are new for the market in host countries (Rath, 2002b; Sepulveda *et al.*, 2010). Ethnic minority entrepreneurs generally possess the required knowledge of products and services for which there are markets for their own communities and this can provide them with self-employment

opportunities. However, in some cases, culturally inward-looking mentalities can actually exclude ethnic minority entrepreneurs from taking advantage of broader possibilities (Ram and Jones, 2008). This raises the question of whether there are certain ethnic minority communities that have a strong presence within social entrepreneurial activities and whether there are differences in terms of social entrepreneurial success within ethnic minorities. It is noteworthy to highlight that although there is evidence of divergence among ethnic minority and faith communities in terms of entrepreneurs' levels of engagement within entrepreneurial activities and performance, whether this has to do with *individuals* or with *cultural* values and the opportunities and constraints they face within the host country, has not been well-researched before. In many cases it may be the socio-economic structural conditions which make the development of ethnic minority organisations difficult rather than simply being due to cultural factors.

3.5.4 Generational differences

Generational differences represent an important part of the heterogeneity of ethnic minority entrepreneurs and have significant implications for the development of organisational activities in terms of motivations to establish third sector organisations. Whilst first generation ethnic entrepreneurs tend to establish organisations to combat direct prejudice such as social exclusion and racism, those from the second generation tend to do this to provide specialist culturally sensitive services to ethnic minority communities²² (Afridi and Warmington, 2009). Regarding educational background, skills and experience, Ram and Smallbone (2001) suggest that second generation entrepreneurs tend to have higher levels of formal education than their first generation counterparts, speak the local language, are legally entitled to work and choose to work in self-employment as an option in the later stages of their careers rather than nearer the start. First generation entrepreneurs often face language barriers and difficulties in terms of understanding how businesses are conducted in

²² The term 'second generation migrants' refers to those individuals who were born and grew up in the host country and are children of immigrants.

a host country (Portes and Sensenbrenner, 1993). With respect to organisational development, second generations have a greater tendency to maximise sales and profitability, be more innovative, more proactive in marketing and promotion and gain more financial support from banks or firms than first generations (Ram and Smallbone, 2001).

To conclude, although ethnic minority entrepreneurs are often attributed with certain personality characteristics such as being highly motivated; evidence shows that other characteristics are also important such as education and generational differences. For instance, second generation highly educated ethnic minority entrepreneurs are more likely to succeed in their entrepreneurial strategies than those first generation immigrants who have less education. However, although individual characteristics and behaviour of the ethnic minority entrepreneur can help to explain the development of their organisations, there are other contextual factors which are of importance such as access to resources, market opportunities and political regulations. For instance, the development of an ethnic minority enterprise by a skilled and experienced ethnic minority entrepreneur may be constrained by the fact that, in the particular context in which the enterprise is embedded, there are rules and regulations which negatively affect the organisation or there is not enough demand for the product or services that the business offers. This will be further examined in the following section.

3.6 Structural factors shaping the development of ethnic minority social enterprise activities

Three main structural factors that shape the development of ethnic minority social enterprise organisations are considered here; market opportunities; access to resources; and policy and regulatory frameworks based on literature related to social entrepreneurship and ethnic minority organisations including private enterprises and third sector organisations (see Section 3.1).

3.6.1 Market opportunities

It has been said that social entrepreneurial organisations provide services to the community in response to market demand and that they have the potential to deliver goods and services which are not provided by the private and public sectors such as health, social care, childcare and training (Pearce, 2003). Moreover, social enterprise activities have often been cited as providing the function of developing new markets in areas that commercial businesses ignore, do not see as profitable or have no interest in (Peattie and Morley, 2008). Social entrepreneurial activities have been seen as crucial in identifying and then exploiting market niches (Bjerke and Hultman, 2002; Shaw, 2004). An example of this is a social enterprise operating leisure facilities for the London Borough of Greenwich that has directly led to some thirty other local councils in the UK contracting their leisure services out to social enterprises (Peattie and Morley, 2008). Moreover, it has been claimed that social enterprises are an important source of “disruptive innovation” creating a new market and value network, particularly in areas such as environmental services (Leadbeater, 2007).

With respect to ethnic minorities, opportunities for ethnic minority organisations in advanced industrialised societies are intrinsically linked to ethnic market niches (Kloosterman and Rath, 2003; Kloosterman, 2010). It is noteworthy to highlight that although ethnic minority organisations tend to have access to ethnic minority markets and cater to the needs of their respective communities, they often have limited access to wider markets. According to Afridi and Warmington (2009), ethnic minority organisations are able to deliver services for ethnic minorities but are often not capable of delivering mainstream services or adapting their services to do so. Earlier studies have shown that ethnic minority enterprises cannot usually compete with their mainstream counterparts in cases where they suffer from high competition, because the vast majority of them are small scale and often located in undercapitalised precarious ‘market niches’ and so face unfavourable market conditions (Ram and Jones, 2008; Schrover and Vermeulen, 2005). According to a study carried out by Weisinger and Salipante (2005) in the United States, ethnic minority organisations are mainly represented in sectors which are not provided by mainstream bodies such as advice

and advocacy, social welfare and health services, housing and accommodation, and education and supplementary schooling. Research carried out by Rochester *et al.* (2007) shows how faith-based organisations in the UK contributed towards the delivery and development of public services, principally in health and educational services. In addition, ethnic minority organisations are more likely to engage in informal elements of the economy compared to those from non-minority backgrounds²³ (Sepulveda and Syrett, 2007). This may be due to difficulties with complying with regulations such as legal status²⁴ or cultural issues that make it difficult for them to develop their organisations. However, their access to markets can be related to resources problems that limit their ability to establish an organisation. This will be explored in the following section.

3.6.2 Access to resources

Although market demand may exist, to be able to start an organisation, it is necessary to have access to the right kind of resources. A variety of resources are important to understand the development of social enterprise activities and ethnic minority organisations including financial, human and social capital resources.

Financial capital

It has often been claimed that one of the main barriers faced by social enterprises is access to finance (Shaw *et al.*, 2002). Shaw and Cater (2007) suggest that social enterprises rarely invest or risk personal finance in their ventures, arguing that personal risk exists but relates more to their investment of personal credibility and reputation, rather than financial risk. According to Perrini and Marino (2006) social enterprises have problems in accessing external finance both when starting up and growing. Peattie and Morley (2008) in turn

²³ Informal activity includes both that entirely hidden from the state (e.g. business that remain unregistered with any government body) and partially hidden (e.g. registered businesses that fail to declare their full profits or workforce). In both cases, these activities evade full accountability in terms of tax, benefit or employment legislation (SBC, 2004).

²⁴ The legal status of an ethnic minority entrepreneur (for example, asylum seeker or refugee status) can have a clear impact on the desire/ability to integrate within formal institutions and regulatory contexts (Sepulveda and Syrett, 2007).

suggest that most social enterprises rely on several financial sources including statutory and public grant-funding opportunities, loans and contracts. Research carried out by Hynes (2009) indicates that although social entrepreneurs use their own personal funding to start up the business in the first year, they use credit union loans and/or loans and overdrafts from banks for the on-going development of their business.

Evidence also shows that ethnic minority organisations often have difficulties in sustaining their development. Evidence suggests that ethnic minority businesses usually use 'informal financial resources' from social networks of relatives, friends and other members of their community such as interest-free loans to set up their organisations (Ram and Smallbone, 2001; Worthington *et al.*, 2006). Studies indicate that ethnic minority organisations rely on informal resources as they have limited access to external financial resources (Mayblin and Soteri-Proctor, 2011; Reid, 2004). Raising external finance is difficult for many small organisations, but more so for some ethnic minority groups. An early study carried out in the UK found that Bangladeshi and African Caribbean communities have more difficulties in terms of accessing loan finance from banks than Chinese, Asian or Turkish-Cypriot groups (Curran and Burrows, 1988). Moreover, a study carried out by McLeod *et al.* (2001) in the UK found that ethnic minority organisations were only able to secure 2.3% of lottery grants available in comparison with mainstream organisations. Craig (2011) also comments that sources of statutory funding programmes have been inconsistent highly competitive and short-term basis and tend to be in the hands of a relatively small proportion and large non-minority organisations. This implies that, generally speaking, ethnic minority organisations only start with a modest capital outlay.

Human capital

It has often been claimed that social enterprises employ few low-skilled staff and that the majority of staff work on a part-time basis (Peattie and Morley, 2008; IFF, 2005). It has also been highlighted that social enterprises tend to rely heavily on volunteer labour or family

involvement (Peattie and Morley, 2008). According to Amin (2009), volunteering work within social enterprises is frequently undertaken by retired people, students and members of marginalised communities. With respect to the motivation for working within the social enterprise sector, while some employees decide to work in a social enterprise for ethical reasons or to pursue a professional career in the sector, others do so in order to obtain work experience (Amin, 2009). Amin (2009) argues that some staff members have found jobs in social enterprises due to financial need, a lack of opportunities elsewhere in the labour market or even due to forced exit from mainstream employment. He also claims that the expectation that social enterprises should play a role in returning the socially disadvantaged into the formal economy is 'misguided' and 'overtly optimistic', and where this does occur those who did, were the 'less disadvantaged'. It has often been claimed that social enterprises face problems in recruiting and retaining staff, based on the fact that they are unable to pay a competitive remuneration package to employees and difficulties with career progression within the social enterprise sector (Hynes, 2009), as well as poor staff working conditions (Haugh, 2006).

With regards to management, previous studies have shown that the quality of leadership is crucial for the development of social entrepreneurial activities and that those experienced managers are more successful and more likely to scale-up than those with less able leaders (Peattie and Morley, 2008). A study in Israel with social enterprises showed that a strong and dedicated managerial team with previous managerial experience had significantly contributed to long-term success (Peattie and Morley, 2008). Another study which was carried out by Hynes (2009) in the UK suggests that managers moved from undertaking all aspects of the business themselves in the early phases of the organisation to delegating their business tasks later on. With respect to board members, it has often been said that their capability correlate directly to the progress of the social enterprise (Sisson and Storey, 2000; Mason, 2010). However, evidence indicates that social enterprises often face difficulties not only in terms of recruiting and electing board members with the right skills and

experience, but also in maintaining the board and providing them with the required training (Spear *et al.*; 2007).

Regarding ethnic minority organisations, it has often been claimed that informal employment from relatives and friends is crucial within ethnic minority organisations (Ram and Smallbone, 2001). According to Jones *et al.* (2006), flexible working arrangements are generally available informally to trusted family members, for example with wives who combine working in the business with domestic responsibilities. Moreover, there was evidence of exploitation among staff members within ethnic minority organisations who are more likely to work overtime and receive low salaries (Afridi and Warmington, 2009). It has also been claimed that there is a lack of training opportunities for ethnic minority employees and that much of the training is offered in English which often excludes those who do not have a good initial grasp of the English language (McLeod *et al.*, 2001; Mayblin and Soteri-Proctor, 2011). Some studies have also indicated the lack of management skills and training is often a problem for ethnic minority organisations' development (Ross, 2004; Ram and Smallbone, 2001). Moreover, although ethnic minority organisations have recognised that board member skills and development are an essential part of their development, BME board members' capabilities remain under researched (Mayblin and Soteri-Proctor, 2011).

Social capital

The role of social capital as a resource of the social enterprise sector has also been highlighted.²⁵ The relational dimension of social capital focuses on the quality of relationships, such as trust, respect and friendliness (Mair and Marti, 2006). Two highly interrelated dimensions of social capital exist: structural and cognitive social capital. Firstly,

²⁵Although social capital has several definitions, it has been broadly described as: "*resources within communities which are created through the presence of high levels of trust, reciprocity and mutuality, shared norms of behaviour, shared commitment and belonging, formal and informal social networks, and effective information channels which may be used productively by individuals and groups to facilitate actions that benefit individuals, groups and communities more generally*" (Evans and Syrett, 2007, p.62)

Coleman uses a structural version of the social capital concept to emphasise network, organisations and linkages through which information and norms are conveyed. Secondly, Putnam uses a cognitive version of the concept to focus on shared norms, values, trust, attitudes and beliefs (Evans and Syrett, 2007). With regard to cognitive capital, it can be suggested that a high level of trust between individuals is likely to facilitate the development of social enterprises. According to Amin *et al.* (2002), social enterprises are the product of local social-cultural contexts, and the participation of the local community within the social enterprise sector depends on the nature of the local community itself and the way in which social enterprises engage with the local people. External, informal (usually local) networks are often an important success factor for SE development, particularly in terms of acquiring resources, accessing advice, and recruiting employees and volunteers (Haugh, 2006; Lyon and Ramsden, 2006). Therefore, social capital acts as the ‘glue’ within the social enterprise sector that holds people together (Doherty *et al.*, 2009b). However, strong ‘ties’ with in-group members (for example, with a common identity or locality) may result in over-embeddedness, which may cause the exclusion of outsiders, excess claims on group members, restrictions on individual freedoms, and downward levelling norms that operate to keep members of a downtrodden group in place and force the more ambitious to escape from it (Portes, 1998; Gargiulo and Benassi, 1999).

Findings from the research carried out by Evans and Syrett (2007) found that start-up social enterprises are often rooted in bonding networks with people from the same community or locality; however, they need to develop bridging social capital with wider communities to develop and grow.²⁶ Research conducted by Bertotti *et al.* (2011) indicates that although disadvantaged geographical areas are characterised by suffering low levels of social capital overall, levels of “bonding” social capital are likely to be quite high. Moreover, “bonding” and

²⁶ Evans and Syrett (2007) distinguish between three types of social capital: bonding, bridging and linking. “Bonding” refers to relationship within their own group, “bridging” social capital refers to that with wider groups, and “linking” means the relationships between communities and institutions (Bertotti *et al.*, 2011)

“bridging” social capital may have little effect without either access to power and resources or what is called ‘linking social capital’ (Woolcock, 2001; Bertotti *et al.*, 2011). As a study by DeFilippis (2001) suggests, “linking” social capital is particularly important in the context of regenerating and influencing the outcomes of these initiatives.

With regard to structural social capital, it is also important to understand how individuals/organisations access information and support and how this may have an impact on the development of social enterprises (Mair and Marti, 2006). As Peattie and Morley (2008) commented, those social enterprises that have received adequate advice and business support services enjoy more success than those which have not received them. A study carried out by Hines (2005) shows that peer support was seen as one solution to the problem of lack of advice that social enterprises are able to access. It has also been claimed that partnerships and collaborations between social enterprises can bring benefits to organisations (Austin, 1999; Peattie and Morley, 2008). However, these networking relationships among social enterprises could increase competition for scarce resources as much as being a source of cooperation (Evans and Syrett, 2007).

Regarding ethnic minority organisations, evidence has shown that high concentrations of co-members of their community in a particular geographical area may provide access to personal and community-based social networks and can be used to mobilise resources (Sepulveda *et al.*, 2010; Fadahunsi *et al.*, 2000). In this respect, it has been claimed that in some cases the social support network of an ethnic community and the cultural background provide the required stimulus to start an enterprise even if organisations are lacking in financial capital (Portes and Sensenbrenner, 1993; Panayiotopoulos, 2006; Volery, 2007; Kloosterman, 2010). In fact, networks may also guarantee demand from a particular ethnic minority community (Sepulveda *et al.*, 2010). Interestingly, Portes and Sensenbrenner (1993) claim that social networks within ethnic minority communities is a “positive” variable in the sense that it gives group members access to resources and support whilst lowering

the risks of malfeasance and reducing transactions costs. However, it is also “negative” in that it places highly specified demands on group members, thereby restricting individual expression and advancement, permitting free riding on community resources, and negating (in those groups with a long history of marginalisation through coercive non-market mechanisms) the belief in the possibility of advancement through individual effort (Portes, 1998). Likewise, Barret *et al.* (1996) argued that co-ethnic ties play an important role in the development of ethnic minority organisations, but dependence on community linkages may be equally as problematic as it is beneficial.

With respect to structural social capital, public services support to ethnic minority organisations from institutions is crucial for organisations performance (Barret *et al.*, 1996). According to a study carried out by Ram and Smallbone (2001), there is specific BME support for ethnic minority organisations, but on some occasions, organisations do not often take advantage of existing support due to a lack of knowledge about their existence, as well as distrust, leaving them to receive support only from non-minority bodies. Moreover, it is important to note that institutional support for ethnic minority organisations varies among communities and locations (Kloosterman, 2010).

3.6.3 The State and regulatory frameworks

This section examines how the state and regulatory frameworks can either promote or constrain the development of social enterprises and ethnic minority organisations. With respect to social enterprises, it has often been claimed that the role of the state has been crucial for the development of social entrepreneurial activities in a number of geographical regions. As indicated by Kerlin (2010), the development of the social enterprise sector in countries such as the United States (where an Office of Social Innovation and Civic Participation has been set up within the White House) and the United Kingdom (with the Office for Civil Society and the Big Society Capital), has been largely policy-led in recent years, with policy makers actively promoting social enterprise activities. However, evidence

has also illustrated examples of social enterprise development in countries where the government response has been less instrumental such as in Canada and France, and with unsupportive states such as the case of Philippines (Amin, 2009). Further studies have indicated that the active or passive engagement of local institutions influences social enterprise development (Amin, 2009; Evans and Syrett; 2007).

With respect to ethnic minorities, divergences between countries and welfare regimes in terms of their policy regulations can create different structures of opportunity for ethnic minority organisations (Barret and Burgess, 2008). As Esping-Andersen (1990) commented, the framework of rules, laws and regulations within national institutions are important in determining the structural opportunities for the development of ethnic minority organisations. It is suggested that there are international differences between the USA and Western Europe (excluding the UK), with the former having more favourable conditions for business development (Rath, 2000). The United States and the UK models of low wages and relatively unregulated markets provide favourable conditions for developing enterprises (Kloosterman and Rath (2003). In contrast, the Western European model of greater labour protection, more generous welfare programmes and more regulated markets create greater barriers to entry for enterprise formation (Kloosterman, 2010). For example, in France and Germany, there has been limited political support to encourage the development of ethnic minority enterprises (CEEDR, 2000). However, in other countries greater awareness and some special political initiatives have been enacted whereby getting ethnic minorities into entrepreneurial and voluntary and community organisational activity is often a key objective of government initiatives (Barret and Burgess, 2008). For example, in the UK, multiculturalism policies have helped ethnic minority enterprise development (see Chapter 2, Section 2.4 for further details).

Social Movement Theory argues that the chances for the development of any movement are partly dependent upon the opportunities and resources provided by the political system

(Hooghe, 2005). Therefore, it can be suggested that government attitudes influence the opportunities for ethnic minority organisations, as they may prohibit, restrict or stimulate organisations and their activities. Furthermore, it has been suggested that government policies can have differential impacts on different groups, as policies can promote the engagement and inclusion of certain ethnic minority communities or target specific sub-group needs in terms of deprivation and discrimination in the labour market (Schrover and Vermeulen, 2005). A clear example of policies that promote the engagement of a specific group can be seen within faith-based organisations²⁷ (Afridi and Warmington, 2009). In relation to regional and local policy support, there is evidence of differentiated levels of state support for ethnic minority organisations. A study by Schrover and Vermeulen (2005) in Amsterdam with Surinamese and Turkish-led organisations revealed that the different manner in which the local authorities approached them influenced the development of their organisations. This is also observed in a study by Syrett and Sepulveda (2011) in London where there was evident of differences between local authorities' discourses and practice towards different ethnic minority businesses. Moreover, other policies (for example, those related to legal status) influence the trajectory of ethnic minority organisational activities (Ram and Smallbone, 2003; Wilpert, 2003; Kloosterman, 2010).

3.7 A theoretical model for studying ethnic minority social enterprise activity

In identifying the key forces that shape the development of ethnic minority organisations, it is apparent that agency and structure operate to shape different forms of ethnic minority social enterprise activity. Numerous studies suggest that some ethnic minority entrepreneurs are more likely to develop more successful strategies within their organisations than others and this is due to their personal characteristics and behaviours including their motivations, education, skills, experience, culture, ethnicity and generational differences. However, this is

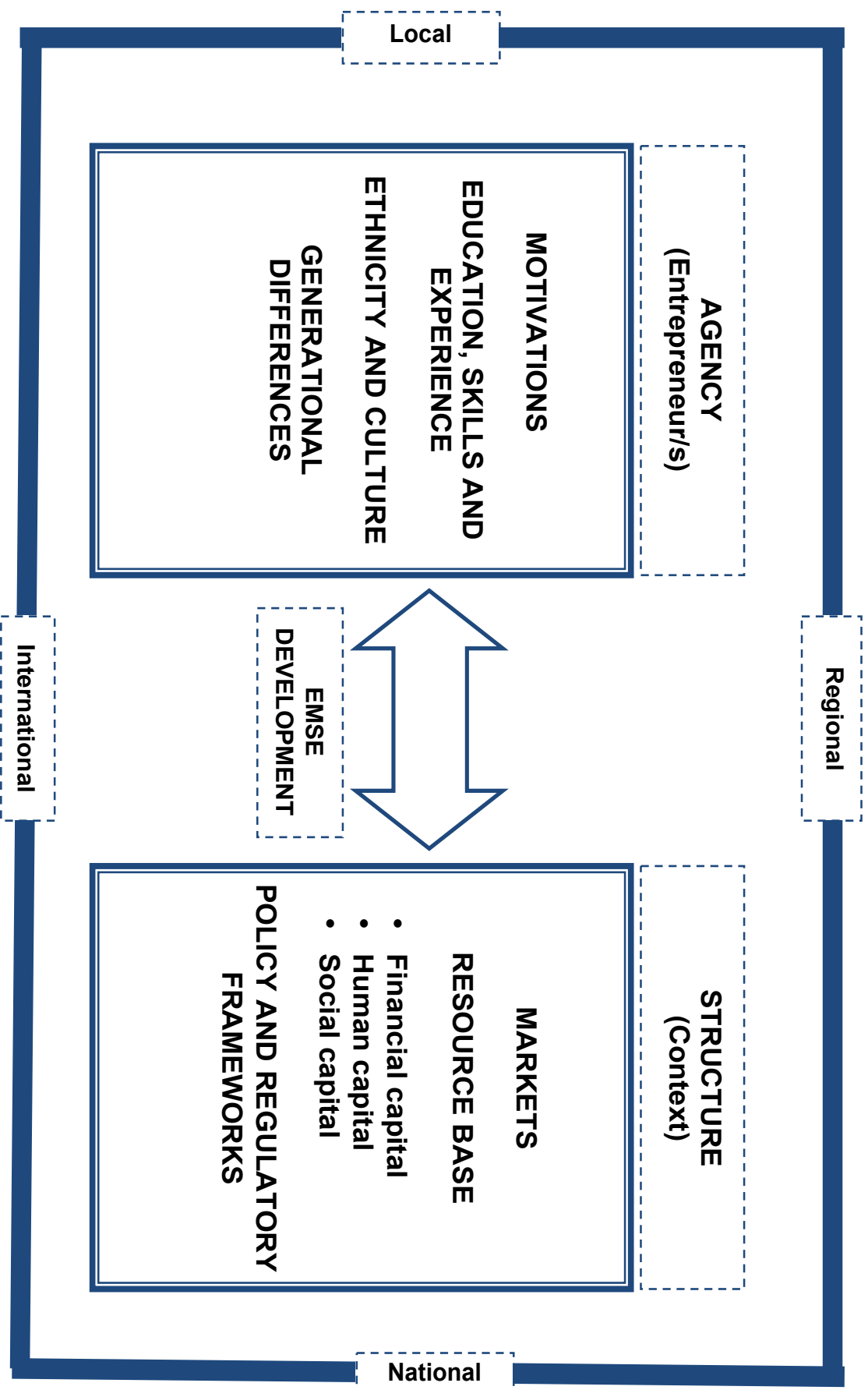
²⁷Faith-based organisations are not new, as churches, mosques, synagogues and temples have a long history of running voluntary services in social care and education. However, after the terrorist attacks in Western Europe/United States, there has been increased political interest in supporting faith-based organisations in several countries such as the UK and the USA where the role that they play in delivering services has widened (Afridi and Warmington, 2009).

not the only determinant for the development of an ethnic minority organisation, as there are other contextual forces which need to be looked at to fully explain the development of such organisations. These include regulatory and policy frameworks, the nature of markets and stocks of available resources. It is possible therefore to set out a model for conceptualising the development of ethnic minority social enterprise activities. The conceptual model, depicted in Figure 3.2, is a starting point in attempting to understand the development of social entrepreneurial activities within the ethnic minority context by recognising the complex interplay between factors that relate to agency and structure and that operate across spatial scales, from local, regional, national and international levels. This model is based on three propositions:

- 1) The development of ethnic minority social enterprise activities depends on the complex interaction between agency and structure and that both dimensions are “mutually constitutive”.
- 2) Key forces shaping the development of ethnic minority social enterprise activities vary from one organisation to another and from context to context.
- 3) Forces related to both the agency and structural dimensions are inter-related at different spatial scales that range from local to global.

The agency dimension encompasses characteristics related to ethnic minority social entrepreneurs. These include motivations, education, skills, experience, culture, ethnicity and generational differences. Contextual forces that shape the development of ethnic minority social enterprise activities include markets, resource bases and regulatory and policy frameworks. In the author’s view, this model offers guidance in investigating and explaining the development of social entrepreneurial activities within ethnic minority communities. This model will be used as a starting point for the empirical analysis of ethnic minority social enterprise activities in the East London Olympic Boroughs.

Figure 3.2 A conceptual model for understanding ethnic minority social enterprise (EMSE) development



Chapter 4

The Methodological Approach

4.1 Introduction

The previous two chapters reviewed the literature so as to provide a conceptual basis for this study. This chapter outlines the selected research design, explains the methods adopted and also presents the data analysis strategy used in this research. Firstly, the chapter addresses the purpose of researching ethnic minority social enterprise activities and justifies the adoption of the case study research method. Secondly, a close look is taken at the case study design and the protocol, which explains the logical sequence in which the study was carried out, the units of analysis and the thesis objectives and research questions. This is to identify the reasons behind such questioning and the implications that this had on the choice of data collection and data analysis methods. Thirdly, the methods of data collection are outlined using a three-stage methodological process and the techniques of analysis are reviewed. The chapter concludes with a discussion of the issues of validity, generalisability and reliability as well as the ethical considerations that were made in the empirical work.

4.2 The inductive approach and the use of case study research

The purpose of this research is to explore and understand ethnic minority social enterprise activities in London, particularly in the Five Olympic Boroughs of Hackney, Greenwich, Newham, Tower Hamlets, and Waltham Forest.²⁸ This study seeks to address the main knowledge gaps identified in the literature related to social entrepreneurial activities within ethnic minority groups in the five Olympic Boroughs of East London. To do so, it adopts an exploratory (inductive) approach as the main focus of the research is to gain insight and familiarity into the phenomenon under investigation, given the lack of existing literature and

²⁸ It is noteworthy to highlight that although Barking and Dagenham has officially become the sixth host borough since April 2011, it is not included in this research.

related theory on the topic (Bryman and Bell, 2011). The exploratory nature of this research influenced the decision to choose case study research²⁹ as the most appropriate technique to accommodate such analysis as it provides the means to explore and explain a contemporary phenomenon of which little is currently understood (Creswell, 2003). As Robson states:

a case study is a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real-life context using multiple sources of evidence; and at the heart of this idea is that the case is studied in its own right, not as a sample from a population.

(Robson, 1993, p.53)

The use of case study analysis allows understanding of how ethnic minority social enterprise activity is rooted within a particular context. Arguably, a spatially specific context was particularly important for this study because ethnic minority groups are often spatially concentrated and also because the development of social enterprises is often rooted within particular contexts (Evans and Syrett, 2007). Perhaps the most unique aspect of case study strategy is the probing, flexible character of research as a rich way of understanding the dynamics and behaviour within a given context and setting (Remenyi *et al.*, 1998; Eisenhardt, 1989; Merrilees and Tiessen, 1999). However, despite the strengths of case study research, there is a need to be aware of the limitations in utilising this research strategy. Case study research has been often criticised for being time consuming and providing very little ground for quantification and generalisation (Sarantakos, 1998). A mixed-methods approach was considered appropriate for researching social enterprises within ethnic minority groups.³⁰

²⁹In this study, the case study is used as a research strategy which comprises the research design, methods of data collection and data analysis, and as a method of data collection itself within an in-depth study of ten organisations (Yin, 1994).

³⁰A mixed method research strategy was undertaken considering pragmatism as the philosophical paradigm for the thesis to address the research questions (Creswell, 2003). The pragmatic paradigm arose as a single paradigm response to the debate surrounding the “paradigm wars” between post-positivism and constructivism and the emergence of mixed methods and mixed models approaches (Darlington and Scott, 2002). The pragmatic paradigm fits with the research aims rather than on epistemological assumptions, and is beneficial to gain diverse forms of knowledge that can provide complementary insights (Tashakkori and Teddlie, 1998, 2003).

Multiple data collection methods including secondary sources, case studies, semi-structured interviews and a survey of 200 organisations were employed to enable triangulation so as to give a more detailed and balanced picture of the situation (Altrichter *et al.*, 2008). The combination of qualitative and quantitative methods is considered here as more suitable than a single method because it allows examining data from different sources to converge or confirm findings, and using these to increase the confidence of the results (Bryman and Bell, 2011).

4.3 Case study design

According to Yin (1994), within a case study design, decisions have to be taken about the logical sequence for carrying out the study, as well as the elements of the study, its methods of data collection and analysis. In case study research, the design is contained in the case study protocol, which shows the different phases of the research (see Table 4.1).

Table 4.1 Case study protocol

Phase	Criteria
Objectives and research questions	Deciding on the main objectives and research questions of the study.
The units of analysis	Selecting the case: ethnic minority social enterprise activities.
	Selecting the context: the East London Olympic Boroughs.
Linking methods of data collection to the research questions	Objectives and Research Questions will be responded to by the methods of data collection.
Methods of data collection	Mixed methods of data collection (literature and policy review, documentary sources, telephone survey, semi-structured interviews and case study examples) addressed using a three-stage methodological process.
Data analysis	Analysis of quantitative data done using SPSS. Analysis of qualitative data done using content analysis.

Source: Compiled by author

This includes the objectives and research questions, the units of analysis, the logic that links the methods of data collection to the objectives and research questions, the methods of data

collection and the criterion for interpreting the findings (Sarantakos, 1998). The elements of the first phase of the case study protocol, the objectives and research questions, have already been described in Chapter 1.

4.3.1 Selecting the ‘case’ and the ‘context’

According to Stake (2000), there are different reasons for focusing on a particular case when doing research. For example, it may be because of its uniqueness that it requires study, or because it illustrates the issues that the researcher is interested in or if the case reflects an outlier or seems to disprove conventional theory. Stake (2000) argues that the first criterion for selecting cases is to think about what we can learn and then choose a case that is likely to lead to understandings, assertions and perhaps to modifying previous beliefs about a phenomenon. A study can include single or multiple cases. The decision to include a single or multiple case depends on the aim of the study, as referring to multiple cases is more convincing and robust than single case studies; however, multiple cases usually require extensive resources and time (Yin, 1994). In case study research, it is also very important to set out the context of the case clearly to give the reader a sense of “being there” (Stake, 2000). This involves situating the case within its geographical, social, economic and historical context (Creswell, 2003). In this study, ethnic minority social enterprise activities were selected as the ‘case’ of the research study as an unexplored research area which requires study. The five boroughs were chosen as the geographical context and the Olympics as the socio-political context within which to study the development of ethnic minority social enterprise activities. East London encompasses a high ethnic minority population, high levels of deprivation and social disadvantage and it is where the 2012 Games will take place (see Chapter 5 for further details).

4.3.2 Linking methods of data collection to the research questions

Taking the objectives and research questions outlined in Chapter 1, it is possible to use the “Method matrix” to identify the reasons behind the choice of data collection methods and its

implications. As seen in Table 4.2, the objectives and research questions will be answered using the specific methods of data collection adopted.

Table 4.2 Objectives, Research Questions and Methods of Data Collection

Objectives	Research Questions	Methods of data collection
Theoretical - To explore the different theoretical approaches to improving the understanding of ethnic minority social enterprise activity.	How can 'ethnic minority social enterprise activity' be defined?	-Literature review -Reflection on results of primary data collection and analysis
	How can 'ethnic minority social enterprise activity' be better conceptualised?	
Empirical - To examine the extent and spatial expression of ethnic minority social enterprise activity within the East London Olympic Boroughs.	What is the nature and extent of ethnic minority social enterprise activity within the East London Olympic Boroughs?	-Documentary sources -Telephone survey -Semi-structured interviews
Analytical - To appreciate in greater depth the nature of ethnic minority social enterprise activity.	What are the processes that drive and constrain the development of ethnic minority social enterprise activity?	-Semi-structured interviews -In depth study of selected ethnic minority social enterprises
	Is there any evidence of a transition of BME organisations from voluntary and community organisations towards the social enterprise model?	
Political - To understand how current policy frameworks are influencing the development of ethnic minority social enterprise activity.	Within the specific context of East London during the preparation period for the 2012 Games, how does the current policy environment impact upon the development of ethnic minority social enterprise activity?	-Policy documents -Semi-structured interviews -In depth study of selected ethnic minority social enterprises

Source: Compiled by author

4.4 Research methods: A Three-Stage Process

The research questions which underpin this thesis were addressed using a three-stage methodological process (see Table 4.3).

Table 4.3 Summary of the three-stage Research Method Process

Stage	Research Method	Explanation
1	Literature review and Policy documents	Review of social enterprises, ethnic minorities and ethnic minority organisation literature and policy documents.
2	Documentary sources	Documentary sources about the context of the study: historical, socio-economic and political characteristics, and the profile of ethnic minority business, third sector and social enterprises in the Five Olympic Boroughs.
	Telephone survey	Creation of a database of ethnic minority third sector and social enterprises organisations in the Five Olympic Boroughs. Two hundred telephone questionnaires completed by leaders of ethnic minority organisations in the Five Olympic Boroughs.
	Semi-structured interviews	16 semi-structured interviews with stakeholders (policy makers and practitioners).
3	Case study SEs	10 case examples of social enterprises in the chosen boroughs for in-depth study (semi-structured interviews, observations and documentary sources).

Source: Compiled by author

4.4.1 Stage 1: Review of literature and policy documents

At the first stage, a general overview of ethnic minority social enterprise activities was undertaken through a review of the existing literature and policy documents which included books, journals, policy reports and other publications and grey literature. A broad review of the literature of the social enterprise sector and ethnic minority enterprises and third sector organisations was firstly conducted to construct a theoretical framework for the study. Secondly, a review of the policy documents was completed relating to: a) the social enterprise sector, b) ethnic diversity, c) ethnic minority organisations, and d) support policies in the UK. However, it became clear from the review of literature and policy documents that it

was necessary to adopt other methods and techniques to corroborate and augment evidence from other sources.

4.4.2 Stage 2: Describing ethnic minority social enterprise activities in the East London ‘Olympic Boroughs’

The second stage of the data collection strategy sought to understand the nature and extent of ethnic minority social enterprise activity within the East London Olympic Boroughs. This stage involved the use of documentary sources, a telephone survey and semi-structured interviews.

Documentary sources

Documentary sources including historical reports, textbooks and journal articles were used to examine the historical changes, socio-economic and demographic characteristics of the East London area. A mapping exercise to characterise the extent of the ethnic minority organisational activity, including business, third sector and social enterprises in the East London Olympic Boroughs was conducted. The role of local political forces in relation to ethnic minority organisations was also examined. The main purpose of this procedure was to form a general overview of the context of the study “The East London Olympic Boroughs”.

Telephone survey

It became apparent from conducting the previous documentary analysis that a comprehensive database of ethnic minority third sector and social enterprise organisations in the Five Olympic Boroughs did not exist. A database was therefore created. This compiled data from a combination of sources to provide empirical evidence of the areas of activity of ethnic minority third sector including VCOs and SEs located in the five Olympic Boroughs. As one objective of this research was to study the transition process of BME organisations from voluntary and community organisations towards the social enterprise model, the sample comprised third sector organisations. Profit orientated businesses operating in public welfare

fields (Kanter & Purrington, 1998) or having a social conscience (Harding, 2006) were excluded from the sample. A total population of 1,200 organisations was identified within the five East London Boroughs from a national database of 11,450 ethnic minority third sector organisations held by the partner organisation, the Ethnic Minority Foundation, since 1996. Several online social enterprise and third sector directories (for example, the Social Enterprise London directory), websites, referrals and other material gathered during fieldwork were also used.

From a total of 1,200 organisations, a sample of 352 organisations was selected on the basis of: location (approximately 70 organisations in each of the five boroughs); ethnicity (to ensure coverage of the main ethnic and migrant populations) according to the census; type of activity; and evidence of trading. Out of the 352 organisations in the sample, 200 were successfully contacted and a telephone interview was conducted with their leaders equating to a response rate of 57%. Interviews were completed between October and December 2009. The researcher undertook all the interviews personally. It was not possible to get any response from a significant number of these organisations (30%), whilst 13% rejected the invitation to participate in the research. Some prospective participants may have refused requests to be involved in the telephone interview as a consequence of many factors including resistance to answering requests due to previous experiences of intrusive telesales techniques being used by some businesses for publicity and also the issue of people being over interviewed (Bryman, 2001). Perhaps those who ran less successful business would be less willing to disclose their problems to a researcher. However, despite the fact that some organisations refused to participate or terminated the conversation early (thus failing to complete the questionnaire), most responded very enthusiastically to the project.

A telephone survey was used as it produces quick results, allows the study of relatively large samples, is fairly cheap to perform and offers more anonymity than other techniques and, fundamental to this research, reduces bias in factors such as ethnicity and age that may

influence respondents (Sarantakos, 1998). However, telephone surveys have some limitations, the most important being that it is not possible to control the interview completely and they are often associated with a high refusal rate (Bryman, 2001). The questionnaire design is very important as it affects the responses received from the participants.

Generally speaking, a questionnaire must be short and easy to complete, must have appropriate questions and several options for each question (Fink, 2009). Advice was provided by the partner organisation, the Ethnic Minority Foundation, to help design the questionnaire and piloting. The questions attempted to provide empirical evidence of the nature and evolution of ethnic minority third sector and social enterprise organisations interviewed and to evaluate the level of engagement of those organisations surveyed within the 2012 Olympic and Paralympic Games.

The questionnaire comprised both closed and open-ended questions. Whilst open-ended questions provide more detail and rich information, closed questions are easy for respondents to complete and give a guide for the analysis (Bryman, 2001). Therefore, open-ended questions were undertaken to allow respondents to express opinions in their own words, and closed questions were chosen as they ensure that participants respond to what the researcher is interested in (Fink, 2009). This questionnaire moved gradually from simple non-controversial 'ice-breaking' questions such as types of activity and the period of establishment, towards more sensitive questions such as total turnover and income generation activities (see Appendix 1). Moreover, a pilot survey of around ten interviews was undertaken initially not only to ensure that the data collected would enable the researcher to investigate the research questions that were posed, but also to become familiar with the questionnaire and see if people could understand the questions and language used (Saunders *et al.*, 2000).

Statistical analysis was used by collecting the telephone questionnaire results for which numerical and standardised data could be obtained and then analysing the data through the use of diagrams and statistics from the SPSS program. This helped the researcher to explore, describe and examine relationships and trends within the data (Saunders *et al.*, 2000). These results can be viewed in Chapter 5. These findings provided an overview of the nature and extent of ethnic minority third sector and social enterprise organisations in the East London Olympic Boroughs and underlined the basis for selecting the ten social enterprise case examples. This is explained in detail in the section related to the holistic case study method (see Section 4.4.3).

Semi structured interviews with key informants

A total of sixteen semi-structured interviews were conducted either face-to-face or by telephone between January 2010 and October 2010 with key informants. They were carried out with a range of individuals including policy makers, practitioners and experts in the ethnic minority third sector, social enterprises and the 2012 Olympic and Paralympic Games. Key informants were related to organisations operating at local, regional and national levels (see Table 4.4). The purpose of these interviews was to find out information about the key policy frameworks that were influencing the development of ethnic minority social enterprise activity in the Five Olympic Boroughs and beyond. Semi-structured interviews were chosen, as the researcher considered these to be more effective than structured and unstructured interviews in terms of broaching issues which were important for the researcher, as well as ensuring that the core questions were covered (Fielding and Thomas, 2001). Semi-structured interviews also allow a researcher the flexibility to use different wording, order and duration with each participant. Thus, this method was considered appropriate for this study as the participants were from different backgrounds (Fielding and Thomas, 2001). However, semi-structured interviews have certain limitations as a method of data collection. For instance, they are more costly and time consuming than other methods (Sarantakos, 1998).

Table 4.4 key stakeholders interviewed

Table 4.4 key stakeholders interviewed							
	Organisation/Body		Profile of interviewees			Interview	
	Sector	Layers of governance	Role organisation	Ethnicity	Gender	Duration (min)	Transcription (pages)
1	Local authority	Local	Business Support Manager	Black British	Male	90	11
2	Local authority	Local	Head of 2012 Games Unit	Black British	Female	70	7
3	Local authority	Local	Senior Regeneration officer	White British	Female	40	3
4	BME TS support body	National	Policy Officer	Asian	Male	60	5
5	BME TS support body	Regional	Policy Officer	British Asian	Male	120	14
6	Business support body	National	Managing Director	Black British	Female	50	3
7	SE support body	Regional	Business Manager	British Asian	Female	60 (phone)	6
8	Development agency	Regional	Head of Games Business legacy	Black British	Male	90	7
9	London Business Network	Regional	CEO	White British	Male	60	5
10	BME TS support body	National	Head of Sustainability	Black British	Female	90	6
11	SE support body	National	SE Consultant	White British	Male	90	9
12	SE support body	National	BME Development Manager	Black British	Female	45	3
13	SE support body	International	UK Director	White British	Male	40 (phone)	3
14	Olympic body	National	Head of Equality and Inclusion	Black British	Female	30 (phone)	3
15	Department Government	National	Director 2012 Olympic legacy	White British	Male	90	13
16	TS support body	National	Games Programme Manager	White British	Male	50	4

The interview schedule was drawn up after the review of the literature and policy documents, and the examination of documentary sources and the telephone survey were carried out. Interviews were piloted and revised accordingly. The questions asked in the interviews aimed to elicit information about social enterprise activities within ethnic minorities in terms of their policy environment, infrastructure support and services, and also about their engagement within the 2012 Games. Robson (1993) proposed that the key elements of a thematic guide/interview schedule are: introductory comments; list of topic headings and possible questions to ask under these headings; a set of associated prompts; and closing comments. The interview schedule consisted of four topic areas; definitional issues, forces driving and constraining the development of organisations, policy frameworks and the 2012 Games (see Appendix 6).

Participants were asked to give their opinions on these issues. A purposive sampling strategy was used to select participants, which means recruiting key informants due to their experience and knowledge. The researcher checked online sources and examined several policy documents as well as referrals by other interviewees by 'word of mouth' for the selection.

Strategy

An interview request email was sent to stakeholders, initially, outlining the research and the questions for interview and inviting them to participate in the study (see Appendix 2). An information sheet and a consent form were also attached (see Appendices 4 and 5). For those who did not respond to emails, the researcher waited a week and called them to ask if they wanted to be interviewed. Although most stakeholders accepted being interviewed, two potential stakeholders rejected the approach on the grounds that they did not have enough time or felt they had insufficient knowledge to respond to questions related to this research study. It is important to recruit people from different organisational bodies and geographical scales, as this provides more valuable and neutral information (Bryman, 2001). Two pilot

semi-structured interviews were undertaken initially to ensure that the data collected corresponded to the questions that were listed in the interview schedule. The interviews lasted between 30 to 120 minutes. Face-to-face interviews were conducted at each respondent's place of work or at neutral sites such as dining halls and coffee shops. On one occasion the researcher found it difficult to focus and get a clear recording when interviewing a participant in a coffee shop. It is noteworthy to mention how this could bias participants' answers. Three interviewees wanted to be interviewed by telephone due to their stretched agenda (see Table 4.4). With permission, the interviews were recorded and field notes were made immediately after the interviews. In relation to the interview schedule, some interviewees were unable to answer questions outside the scope of their area of work. For example, an expert on the 2012 Games found it difficult to respond to questions regarding social enterprises. In addition to this, questions related to policy were often difficult for stakeholders to respond to or were avoided completely.

The information collected in the semi-structured interviews was transcribed. Then, an analysis of these semi-structured interviews was carried out by using qualitative content analysis (Kohlbacher, 2006; Ryan and Bernard, 2000; Babbie, 2000). Table 4.5 shows the main phases of the content analysis process. A starting set of codes was defined and then these codes were refined as the analysis evolved (Kohlbacher, 2006). This analysis is a recursive rather than a linear process that involves a constant moving back and forward between the entire data set, the coded extracts of data that the researcher analysed and the data produced (Braun and Clarke, 2006).

Table 4.5 Phases of content analysis

Phase	Description of the process
1. Familiarisation with data	Reading transcriptions and noting down initial ideas.
2. Searching and generating initial codes	Coding interesting features of the data and collecting data relevant to each code.
3. Reviewing codes	Checking if the codes and data are relevant to the study and research questions.
4. Refining codes	Examining the codes (making some adjustments).
5. Producing the report of the analysis	Selection of extract examples, relating back to the research questions and literature.

Source: compiled by author

4.4.3 Stage 3: In-depth study of 10 case examples

A holistic multiple (comparative) case study method was used with the selection of ten case examples of “ethnic minority social enterprises” for in-depth study to investigate the nature and development of ethnic minority social enterprise activities in the Five Olympic Boroughs in greater depth. The depth of enquiry possible through a case study is significantly greater than some other research methods as it goes beyond a superficial evaluation and allows to study units of analysis in their totality (Remenyi *et al.*, 1998). Hence, a case study allows a detailed understanding of the situation rather than a representative picture (Yin, 1994; Kane and O’Relly-De Brun, 2001; Gomm *et al.*, 2000). There is no established benchmark in terms of the number of cases a project might use in order to claim academic rigour. Although most authors suggest that ten cases or fewer would be ideal, Miles and Huberman (1994) warn against going beyond fifteen cases as this makes the study “unwieldy”. A holistic multiple (comparative) case study method was used with the selection of ten case examples of “ethnic minority social enterprises” for in-depth study to investigate the nature and development of ethnic minority social enterprise activities in the Five Olympic Boroughs in greater depth. The depth of enquiry possible through a case study is significantly greater than some other research methods as it goes beyond a superficial evaluation and allows to study units of analysis in their totality (Remenyi *et al.*, 1998). Hence, a case study allows a

detailed understanding of the situation rather than a representative picture (Yin, 1994; Kane and O'Reilly-De Brun, 2001; Gomm *et al.*, 2000). There is no established benchmark in terms of the number of cases a project might use in order to claim academic rigour. Although most authors suggest that ten cases or fewer would be ideal, Miles and Huberman (1994) warn against going beyond fifteen cases as this makes the study “unwieldy”. Fifteen case study organisations were deliberately chosen due to their diversity and so that different types of ethnic minority social enterprise activities within the East London Olympic Boroughs were included. The selection of the case examples was built upon the initial telephone survey of two hundred organisations (Stage Two).

The key variables used for the selection of case study organisations were size, activities, beneficiaries, ethnicity, legal status and percentage of income from trade. However, there were other practical considerations made such as how receptive the potential cases were to participating in the study (Stake, 1995). These organisations were surviving/successful social enterprises. Although it would have been interesting to look at those non-successful, this appeared difficult practically.

Of the fifteen selected organisations that were invited to participate in this research, ten agreed to contribute to the study. There were a considerable number of rejections primarily from largest ethnic minority social enterprises in the East London Olympic Boroughs that claimed they did not have the time to be involved in a research project. An overview of the profile of each of the ten ethnic minority social enterprises selected for the study is provided in Appendix 8 which describes the organisations' background, funding, legal status, structure and recent developments of each organisation.

Strategy

An email outlining the research objectives and questions soliciting their participation in the research study was sent to these selected organisations. A request letter, an information

sheet, and a consent form were attached (see Appendices 3, 4 and 5). The email was followed up with telephone calls to establish a suitable date for both the researcher and stakeholder informants involved. Some organisations refused to participate in the study claiming to be “over-researched and inundated with requests to take part in research by universities, consultants, local authorities, central government, and policy makers”. Two organisations claimed that the reduction of grants had forced them to take drastic measures and they had decided not to participate in any research unless they were paid. Prior to conducting the collection of data from these ten case studies, a pilot case study was carried out at the beginning of August 2010 to check the reliability of the interview schedule. Research on each case study was conducted in a six to ten-month period from August 2010 to June 2011. As mentioned previously, a case study combines diverse methods of data collection. In this research, for each case example, face-to-face semi-structured interviews were conducted primarily with the organisations leaders but also with staff and service users (see Tables 4.6 and 4.7).

It must be mentioned that the initial intention was to investigate whether there was any discrepancy between what the leaders and staff stated regarding the quality of services within organisations and what service users experienced. However, the methodology pursued did not allow useful data to be generated, as service users were nominated by the leaders (directors and social entrepreneurs) of the case study organisations. As responses did not allow developing a deeper understanding of the selected organisations, the researcher decided not to pursue this further. The researcher was fully aware that the process of service users’ selection could have been improved by having more time and resources; however, it could be argued that these findings did not have any significant impact upon the research as the quality of services within case study organisations was not a crucial issue for the study (see Section 1.3). Therefore, the researcher decided not to use the service users’ interviews for the data analysis.

Table 4.6 Methods of data collection used with the case study examples (1 to 5)							
	Interviews						
	Profile of interviewees			Interview details			
CASE	Role	Ethnicity	Gender	Duration (min)	Transcription (pages)	Observation	Secondary sources
1	Director	Asian	Male	60	4	Observation of Café and chat with staff (disabled workers) and service users - 60 min	Notice of meetings and website
	Coordinator	Asian	Male	90	8		
	Café leader	Asian	Male	60	4		
2	Business Manager	Asian	Female	90	12	Office	Annual reports and website
	Board member/Founder	Asian	Female	40	4		
	Service user	Asian	Female	10	2		
3	Director/Founder	Black African	Female	90	6	Communication skills workshop (6 BME females) - 60 min	Notice of meetings and website
	Service user	Eastern European	Female	15	1		
4	Director/Founder	Black Caribbean	Male	60	6	Office	Notice of meetings, annual reports and website
	Project Manager	Asian	Female	40	2		
	Service user	White British	Male	30	1		
5	Director/Founder	Mediterranean	Female	60	8	Office	Notice of meetings and website
	Administrator	Asian	Female	40	3		
	Service user	Asian	Female	30	1		

Table 4.7 Methods of data collection used with the case study examples (6 to 10)

Interviews							Observation	Secondary sources
Profile of interviewees					Interview details			
CASE	Role	Ethnicity	Gender	Duration (min)	Transcription (pages)			
6	Director/Founder	Black British	Female	60	6	Animation course in a Jewish school with children (7 years old) -60 min	Notice of meetings and website	
	Staff	Mediterranean	Female	10	1			
7	Director/Founder	British Asian	Male	120	10	Office	Notice of meetings and website	
	Service user	Black British	Female	20	1			
8	Manager/Founder	South America	Female	120	30	Office	Notice of meetings and website	
	Administrator	White British	Female	40	2			
	Service user	Black British	Female	30	1			
9	Director	Black Caribbean	Male	60	11	Office	Notice of meetings, annual reports and website	
	Administrator	Black British	Female	40	4			
	Service user	Black British	Female	30	1			
10	Director	White British	Female	120	13	Office	Notice of meetings and website	
	Coordinator	Black British	Male	30	2			
	Service user	Black British	Female	20	1			

At the first stage, the researcher interviewed the leader/director of each organisation. It must also be noted that overall, the leaders of the organisations were interviewed more than twice to collect further information for the study. Questions were mainly related to the biographical individual background of entrepreneurs, their organisations' access to financial and advice support, policy process and the 2012 Games, resources, types of activity, size, and overall development paths (see Appendix 7). In relation to the setting, the researcher considered the organisations' base as a suitable location to collect the information for the study. Although some organisations committed to provide the information required, not all forwarded the information as promised. As a result, the researcher decided to wait seven working days and then send an email or make a telephone call as a reminder of what was still needed for the project if they had not been in touch by that time.

Observations and documentary sources, which included company reports, notice of meetings and websites, were also used to develop a deeper understanding of the selected case examples and to complement the information obtained from interviews (see Tables 4.6 and 4.7). This allowed the researcher to highlight the discrepancies between what the interviewees said about the organisation and what the reality was in terms of what has been documented about it (Slack and Rowley, 2000). The researcher attended some of the activities and workshops that were taking place in the organisations and make notes of meetings and observations (see Tables 4.6 and 4.7). The depth of each case study depended on the size of the organisation and the availability of the stakeholders. With regard to this, on average each interview lasted 60-120 minutes with leaders and 10-60 minutes with staff and service users. All semi-structured interviews were tape-recorded and field notes were made immediately after the interviews.

The analysis of the holistic case study, which includes semi-structured interviews, observations and documentary sources, was conducted using qualitative content analysis (see Table 4.5). Coding was performed with each of the case studies and then comparisons

were made within the ten case examples to look for similarities and differences. Then, the literature and policy documents (Stage 1 and part of Stage 2) were revisited in light of the analysis of the semi-structured interviews and case studies. This process involved going back and forth between the literature and policy document sources and the data analysis material to draw and discuss the conclusions of the study, set out what had been learned and suggest possible ways of taking this knowledge forward in both the academic and political arenas.

4.5 Validity, Generalisability and Reliability

Validity, generalisability and reliability are basic principles in social research (Bryman, 2001). Validity means the ability to produce accurate results and to accurately measure what the research questions seek to understand or explain. In other words, it refers to the question of whether the findings are 'really' what they claim to be about (Sarantakos, 1998). Generalisability relates to the question of whether the findings can be applied to other situations and populations (Bryman, 2001).

As seen, this research used multiple sources of evidence by establishing a rich and thick description of evidence and by presenting negative or discrepant information that is controversial to the themes (Creswell, 2003). This helps to increase the validity and generalisability of the research study (Tashakkori and Teddlie, 1998). However, this research cannot claim generalisability, as it looked at a particular phenomenon (ethnic minority social enterprise activities) in a particular place (East London Olympic Boroughs); making the case 'unique' and difficult to generalise to other situations such as other boroughs in London or other locations both within or outside the UK (Ward-Schofield, 2000).

External reliability is concerned with the fact that the results are the same if the study is repeated. One of the requisites for allowing other researchers to repeat a case study research is the need to explain in detail the procedures that were followed (Yin, 1994).

In this study, the use of case study protocol with detailed explanations of the procedures which have been followed during the research will aid other researchers to repeat the study in other settings so provide methodological consistency.

Furthermore, there is a need to explain internal reliability within the methods of data collection. It must be remembered that documentary sources such as literature and policy documents are important evidence when used to complement other sources such as interviews or observations (Robson, 1993). In terms of ensuring internal reliability, a technique for systematic evaluation for documentary analysis was used (Manning and Cullum-Swan, 1994). Within the telephone survey, a prior pilot test was carried out to find out whether the data that was collected enabled the research questions to be answered (Bryman and Bell, 2011).

With semi-structured interviews, an interview schedule which lists the sequencing of questions and the wording were considered as well as a pilot study being conducted prior to carry out the interviews (Gomm *et al.*, 2000). The interviews were recorded and a copy of the transcribed text was given to the participants to ensure an accurate portrayal of the proceedings and that what the participants actually said was reflected in the transcription. This method is essential for checking the quality of the study, as well as helping to sustain a good relationship with the participants (Bryman, 2001). None of the participants mentioned took issue with the transcription.

Within the holistic case study method, techniques such as cross-case and within-case examination helped to ensure validity within the case study examples (Silverman, 1993; Eisenhardt, 1989; Miles and Huberman, 1994). First, within-case study analysis, detailed write-ups were completed starting with the first level which consisted of describing the proceedings, whilst the second level explained or justified the actions.

Second, within the cross-case analysis, a matrix comparing several categories and cases was created to ensure the validity of the study (see Tables 6.1, 6.2, 7.1 and 7.2 in Chapters 6 and 7).

Furthermore, there were other relevant issues which needed to be considered such as the fact that the researcher and most participants were not native English speakers. Some participants, mainly service users, did not speak English well or did not understand the questions asked by the researcher. Therefore, the researcher re-phrased some questions and used clear and simple language to communicate effectively with the participants with the purpose of obtaining valid data (Robson, 1993). The discrepancy in language and culture between participants and the researcher may have influenced the research results (Bryman, 2001). Participants might have misunderstood the questions and, consequently, not have communicated their feelings appropriately. This might have affected the quality of the data collected. Nevertheless, successful responses increased surprisingly after a few interviews as the researcher became more confident.

Another aspect that has to be taken into consideration is the positionality of the researcher within the partner organisation. This study was a Collaborative Doctoral Studentship conducted with a non-academic organisation, the Ethnic Minority Foundation (EMF) (see Section 1.1 for further details). It has been claimed that Collaborative Doctoral Studentships provide an insight into practice for doctoral students to gain first hand experience of work outside an academic environment providing access to resources and materials, knowledge and expertise that may not otherwise have been available (Arts and Humanities Research Council, 2012). Within this study, the researcher had a direct involvement in the EMF, as the researcher was working as a research assistant for this charitable organisation that supports ethnic minority organisations in Britain during the completion of the thesis (Ethnic Minority Foundation, 2012). It can be claimed that this association with the Ethnic Minority Foundation helped to provide access to knowledge, resources and materials.

The fact that the Ethnic Minority Foundation is located in the Five Olympic Boroughs provided the researcher with a better grounding in the study context due to the opportunity of meeting local organisations and also getting involved in several local events that were related to ethnic minorities and the third sector (Bryman and Bell, 2003). The researcher also used the Ethnic Minority Foundation national database of 11,450 ethnic minority third sector organisations to identify 1,200 organisations within the East London Olympic Boroughs (see Section 4.4.2).

However, the limitations of working in a research project with other bodies and organisations should be highlighted such as the fact that the researcher can focus on a particular issue that the partner organisation/body is interested in and this can reduce the researcher's capacity to be an independent researcher, or the researcher can be identified within a body/organisation and there can be resistance by some organisations to divulge information (Arts and Humanities Research Council, 2012). Within this study, it can be claimed that the researcher had the freedom to focus on the issues she was more interested in based on the literature related to this study. However, it should be pointed out that as the researcher mentioned the involvement of the partner organisation, the Ethnic Minority Foundation, as well as the sponsor, the Economic and Social Research Council within the project, some organisations resisted divulging sensitive information related to their 'profit' and 'income generation activities' (Song and Parker, 1995).

4.6 Ethical considerations

According to Liamputong (2007, p.23), "*ethics are a set of moral principles that aims to prevent researchers from harming those they research*". Taking into account this definition, the following measures were adopted to ensure that the organisations and people involved in this research study were in no way harmed. This project followed Middlesex University requirements for ethical research and was approved by the ethical committee (Middlesex University, 2012). A consent form was provided to interview participants and outlined by

including the purpose of the study, the sponsors, the nature of their involvement in the research, and the extent of the study duration (see Appendix 5). Moreover, the participants were informed that their participation was voluntary and there was the option to withdraw at any time (Hart and Bond, 1995).

Sensitivity and vulnerability are two notions that are crucial for understanding and addressing the ethical questions in social science research and particularly when researching ethnic minority groups (Sieber, 2007). As some organisations were involved in “informal” activities (for example, organisations that were dealing with illegal migrants), the issues of anonymity and confidentiality were ensured, so that no names or addresses of such people were included in the thesis. Therefore, the researcher used pseudonyms via the use of generic roles and code numbers to protect both participant and organisation identities (Liamputong, 2007). Moreover, those organisations that were considered as having vulnerable service users (such as disabled people) were not interviewed (see Tables 4.6 and 4.7). Within the semi-structured interviews, the participants were informed that recording equipment would be used. The transcripts and tapes are stored according to Data Protection Act Guidelines (i.e. kept under locked storage for a five-year period), and once this period elapses, they will be destroyed, accordingly (Liamputong, 2007). Access to research findings was given to those participants who expressed their interest in the study (Hart and Bond, 1995).

4.7 Conclusions

In summary, this chapter has set out the research design and methods which were used, explaining why and how they were adopted. The case study research strategy was selected as it allows for an understanding of social entrepreneurial activities within ethnic minorities in a particular context and time, through considering how they were affected by the preparations for the 2012 Olympic and Paralympic Games in London. A combination of qualitative and quantitative methods was adopted within a three-stage methodological process and its use as a tool was justified and discussed here. The issues of validity,

generalisability and reliability as well as ethical considerations in the empirical work were considered. However, further discussion will take place through subsequent chapters in terms of the data collected and analysis within the three-stage methodological process. The following chapter (5), 'London and the Five Olympic Boroughs', provides an overview of the context for ethnic minority social enterprise activity development. It looks at the demographic and socio-economic characteristics of the East London Olympic Boroughs, patterns of conduct of ethnic minority organisations and local political governance implications in the area. Chapter 5 presents the findings from secondary and original data sources concerning the nature and extent of ethnic minority social enterprise activities in the East London Olympic Boroughs and their involvement within the 2012 Games.

CHAPTER 5

LONDON AND THE FIVE OLYMPIC BOROUGHES: CONTEXT FOR THE ESTABLISHMENT AND DEVELOPMENT OF ETHNIC MINORITY SOCIAL ENTERPRISE ACTIVITY

5.1 Introduction

To gain an understanding of ethnic minorities' involvement in social enterprise activity, this research studied ethnic minority social enterprises in London, particularly in the five Olympic Boroughs of Hackney, Greenwich, Tower Hamlets, Newham and Waltham Forest (see Map 5.1). These five East London boroughs were selected as a case study context for four main reasons. First, this area has one of the most ethnically diverse population mixes in the UK, with 42% of the population from non-white ethnic minority groups (ODA, 2007; Smallbone *et al.*, 2008). Second, it is among the most deprived areas within the UK, suffering considerable social and economic disadvantage despite its location being close to the financial centre of London (ODA, 2007). Third, there is an active third sector and a long tradition of ethnic minority organisations in the East London area (Glynn, 2010). Fourth and finally, there is a strong presence of economic regeneration and social policy investment in the area, not least because it comprises the five so-called 'Olympic Boroughs' which, as the main site of the 2012 Games, is the area that is intended to be the principal beneficiary of the associated regeneration activity (Smallbone *et al.*, 2008). Hence, the particular socio-economic, demographic and political context of the Five Olympic Boroughs makes this a unique area for researching ethnic minority social enterprise activities.

Maps 5.1 London and the Five Olympic Boroughs



Source: compiled by author

This chapter presents the research findings concerning the nature and extent of ethnic minority social entrepreneurial activities in these boroughs and the business opportunities that the London 2012 Olympics has presented them. As described in Chapter 4, these findings are drawn from the telephone survey with leaders of 200 ethnic minority third sector organisations including VCOs and social enterprises and complemented with a series of key informants' interviews, follow up case study analysis of ten organisations and the analysis of secondary sources (see Section 4.4.2 in Chapter 4 for further details).

5.2 Changing economic and social structure: the history of East London

East London has always been relatively poor compared to richer West London (Butler and Hamnett, 2011). Whilst West London was traditionally the locus of wealth and power, in contrast, East London was the location for manufacturing industries and the city's docks where the working-class residents provided the labour for these activities³¹ (MacRury and

³¹ The Docklands is the name used in the last thirty years for a particular redeveloped area in East London where the port is located which includes Southwark, Tower Hamlets, Newham and Greenwich boroughs. While in the past the Docks provided the world's largest port, in the latter half of the 20th

Poynter, 2009). Although East London has always provided an initial settlement locus for recently arrived immigrant communities,³² immigration on a large scale began in the 1950s in the aftermath of World War II (Butler and Hamnett, 2011). These ethnic minority communities, principally from former UK colonies, included among others Bangladeshis, Indians, Pakistanis and Caribbeans who came to work in post World War II for the reconstruction of the country (Dench *et al.*, 2006). The 1970s and 1980s saw a rapid growth of migrants in East London with the arrival of immigrants, principally South Asians and relatives of already-settled immigrants, along with refugees from Vietnam and Somalia, (Butler and Hamnett, 2011).

Moreover, other migrants moved down from recession-hit towns in the rest of the country, particularly from the north of England (Glynn, 2010). When the docks completely closed in the 1980s, the area suffered major job losses in the traditional manufacturing and processing industries and a considerable number of traditional 'white working class' moved out of East London (MacRury and Poynter, 2009). Thus, by the beginning of the twenty-first century, East London continued to be a deprived area that had a high number of ethnic minority communities that lived in poor housing conditions (Dench *et al.*, 2006). Policy interventions to regenerate the East London area after the closure of the docks have been ongoing since the early 1980s onwards through the London Docklands Development Corporation (LDDC) and the Thames Gateway programme³³ (MacRury and Poynter, 2009). A clear example is

century it has been mainly used for commercial and residential purposes (Mumford and Power, 2003).

³² Successive waves of foreign immigration have taken place in East London. This began with Huguenot refugees in the 17th century, followed by Irish weavers and Jewish immigrants in the 18th and 19th centuries and in the 20th century, immigrants from British former colonies (Bangladesh, India and Caribbean countries) (Dench *et al.*, 2006).

³³ The London Docklands Development Corporation (LDDC) was an urban development corporation created in 1981 in East London as a response to a huge decline in the local economy since the closure of the docks, particularly in the Boroughs of Tower Hamlets, Newham and Southwark. The aim was to bring land and buildings into effective use, encourage the development of existing and new industry, create an attractive investment environment and secure housing and social facilities for the people who lived and worked in the area. The Thames Gateway Programme started in 1995 and it has been the UK's largest economic development programme, stretching for 40 miles along the Thames Estuary from the London Docklands to Southern Essex and Sheerness in Kent. The programme aimed to maximise the potential of the Thames Gateway to provide London with the space to grow (MacRury and Poynter, 2009).

the huge socio-economic transformation that has taken place in East London with the emergence of the new financial district situated around Canary Wharf (Butler and Hamnett, 2011). Since the 1990s, the East London area has undergone a new and dramatic demographic transformation, attracting new ethnic minority groups in the form of migrant workers, principally Eastern Europeans, who have been attracted to the area in search of cheap accommodation and comparatively high wages (Butler and Hamnett, 2011). Although major progress has been made in terms of infrastructure provision (particularly transport) and in encouraging new investment and employment creation, the area is still one of the poorest and most deprived parts of the UK (Glynn, 2010).

With regards to the local government policy in East London, the Labour Party dominated most council policies since the late 1990s³⁴ (Glynn, 2008; Back *et al.*, 2002). According to Glynn (2008), the affiliation of ethnic minorities with the Labour Party was reinforced by the overt racism of the Conservative opposition. An example of this is Tower Hamlets, where the Labour Party has been the natural recipient of most Bengali votes and the natural forum for most mainstream Bengali political activity since the early days (Glynn, 2008).

5.3 Demography and Deprivation in the Five Olympic Boroughs

The Five Olympic Boroughs have been characterised by a rising population and a growth in relative and absolute numbers of young people in recent years (MacRury and Poynter, 2009). A large proportion of the population are from ethnic minority backgrounds (42%) and around 160 languages are spoken in these boroughs (ODA, 2007). According to the 2001 Census, the biggest ethnic minority groups within the Five Olympic Boroughs are Bangladeshi 9.3%, followed by “White Other” 8.9%, African 8.2%, Caribbean 6.3% and Indian 5.1% (see Table 5.1).

³⁴ The Greater London Council (GLC) was the local government body for Greater London from 1965 and was dissolved in 1986 by the Local Government Act, which devolved its powers to the London boroughs (DCLG, 2006).

Table 5.1 Population Ethnicity Breakdown in the five Olympic Boroughs by percentage

Ethnic Group	Greenwich	Hackney	Newham	Tower Hamlets	Waltham Forest	Five Boroughs
All people	202824	243891	196106	214403	218341	1075565
White British	70.6	44.1	33.8	42.9	55.7	49.4
White Other	6.6	15.3	5.6	8.5	8.7	8.9
Mixed	2.7	4.2	3.4	2.5	3.6	3.2
Indian	4.4	3.8	12.1	1.5	3.5	5.1
Pakistani	0.9	1.1	8.5	0.8	7.9	3.8
Bangladeshi	0.6	2.9	8.8	33.4	1	9.3
Other Asian	0.9	0.8	3.1	0.9	2.3	1.6
Caribbean	3.2	10.3	7.4	2.7	8.2	6.3
African	7.1	12	13.1	3.4	5.8	8.2
Black Other	0.8	2.4	1.1	0.5	1.5	1.2
Chinese	1.2	1.2	1	1.8	0.7	1.1
Other	1.1	2	2.1	1.2	1.1	1.5

Source: Office for National Statistics (2001)

In Newham, Hackney and Tower Hamlets, ethnic minority population groups account for more than 50% of their populations. However, each of the Five Olympic Boroughs has distinct characteristics in relation to their ethnic demography. For example, whilst Tower Hamlets has relatively higher proportions of Bangladeshis, Hackney has a relatively high proportion of “White Other” and Black Caribbean-African residents (see Table 5.1). This has also been accompanied by an increase in diversity in religious practice in the area. Statistics indicate that 58.2% of the population in the Five Olympic Boroughs are Christian; 8.5% Muslim; 4.1% Hindu; 2.1% Jewish; 1.5% Sikh; 0.8% Buddhist; and 0.5% belong to other faiths (Table 5.2). Interestingly, 36.4% of the population of Tower Hamlets and 24.3% in

Newham are Muslim (ONS, 2001).

Table 5.2 Religion of people in the five Olympic Boroughs by percentage

Religion	Greenwich	Hackney	Newham	Tower Hamlets	Waltham Forest	Five Boroughs
Christian	61.5	46.6	46.8	38.6	56.8	58.2
Buddhist	0.9	1.1	0.7	1	0.4	0.8
Hindu	2	0.8	6.9	0.8	1.8	4.1
Jewish	0.2	5.3	0.2	0.9	0.7	2.1
Muslim	4.3	13.8	24.3	36.4	15	8.5
Sikh	2.2	0.9	2.8	0.4	0.6	1.5
Other religions	0.3	0.6	0.3	0.3	0.4	0.5
No religion	19.3	19	9	14.2	15.4	15.8
Religion not stated	9.3	12	9	7.4	8.9	8.7

Source: Office for National Statistics (2001)

Furthermore, the Five Olympic Boroughs are among the 15% most deprived areas in the UK and suffer from considerable social and economic disadvantage (ODA, 2007). According to the Index of Multiple Deprivation,³⁵ in 2010, whilst Hackney, Newham and Tower Hamlets are within the top ten most deprived boroughs in England out of 326 local authority districts, Waltham Forest and Greenwich stand at 15th and 28th, respectively (see Table 5.3).

³⁵The Index of Multiple Deprivation (IMD) is a measure of multiple deprivation which combines a number of indicators (employment rates, health, education, housing and crime). These indicators are chosen to cover a range of economic, social and housing issues, into a single deprivation score for each small area in England (CLG, 2010).

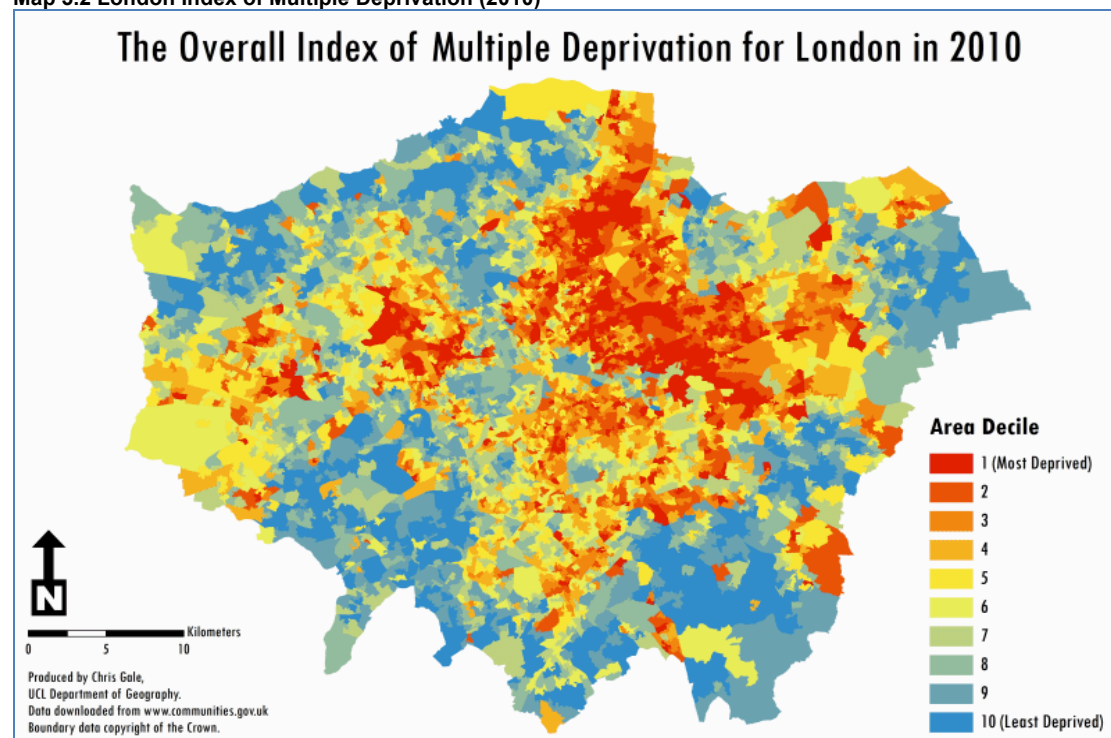
Table 5.3 Index of Multiple Deprivation (2010) for Five Olympic Host Boroughs

Local authority	Ranking of most deprived boroughs
Greenwich	28
Hackney	2
Newham	3
Tower Hamlets	7
Waltham Forest	15

Source: CLG Indices of Deprivation (2010)

Map 5.2 indicates the distribution of multiple deprivation across London. It illustrates that the Five Olympic Boroughs have significant concentrations of deprivation. As shown by the darker shading, these boroughs are characterised by having high levels of ‘unemployment’, relatively low levels of skills and qualifications, high levels of social deprivation, high levels of overcrowding compared to the rest of London, the need for improved diversity in housing provision, and relatively high levels of crime (MacRury and Poynter, 2009).

Map 5.2 London Index of Multiple Deprivation (2010)



Source: CLG London Index of Multiple Deprivation (2010)

5.4 Profile of ethnic minority businesses in the Five Olympic Boroughs

London boasts approximately 66,000 'ethnic minority-owned' businesses and 93,000 self-employed individuals from ethnic minority communities (LDA, 2006). The majority of such businesses are small and their clientele tend to be concentrated within their own local communities. Ethnic minority businesses often operate on easily accessible markets and low-value products, primarily, takeaway restaurants, retailing, personal services and small-scale manufacturing (LDA, 2006). The biggest minority ethnic business communities in London are South Asians (for example, Bangladeshis, Indians and Pakistanis), followed by Black Afro-Caribbeans, East Asians (such as Chinese, Vietnamese and Korean) and West Asians (for example, Turkish and Kurdish) (LDA, 2006). Despite the limited availability of information about businesses in the Five Olympic Boroughs, research by Smallbone *et al.* (2008) indicates that businesses in the area are largely small (97%), employing fewer than 50 employees, with at least 87% employing fewer than 10 (see Table 5.4). There is no current information about the extent of ethnic minority businesses in the East London Olympic Boroughs. However, Table 5.4 indicates that Newham has a relatively high proportion of ethnic minority businesses in the area (44%).

Table 5.4 Businesses in the Five Olympic Boroughs

	No of establishments	Sample size	% Majority ethnic-minority owned (50% plus)	% Micro (<10 employees)	% Small (<50 employees)
Greenwich	8,040	72	19	88	98
Hackney	7,063	61	12	89	98
Newham	5,013	66	44	81	96
Tower Hamlets	10,972	109	19	85	97
Waltham Forest	9,003	170	28	91	99
Five Boroughs	40,091	478	n/d	87	97

Source: Smallbone *et al.* (2008) n/d No data

Moreover, the main business activities in the area are business and professional services (39%), followed by wholesale and retail (19%) and community services (9%).³⁶ There are however marked differences between individual boroughs. For example, whereas 51% of Tower Hamlets businesses pertain to “Business and professional services”, in Hackney the figure is only 32% (see Table 5.5).

Table 5.5 Business sector by boroughs

	Greenwich (%)	Hackney (%)	Newham (%)	Tower Hamlets (%)	Waltham Forest (%)	Five Boroughs (%)
No. Establishments	8,040	7,063	5,013	10,972	9,003	40,091
Sample size	72	61	66	109	170	478
Primary and utilities	0	0	0	*	0	*
Publishing	1	7	1	2	4	3
Other Manufacturing	3	7	7	3	4	4
Construction	8	*	2	5	10	8
Wholesale and retail	21	23	14	18	19	19
Hotels and restaurants	3	16	13	2	11	8
Transport and communication	3	8	5	2	2	4
Banking and finance	*	1	7	5	1	3
Business and professional Services	34	32	38	51	33	39
Education, health and social work	3	1	5	3	5	3
Other community services	14	5	7	8	10	9

Source: Smallbone *et al.* (2008)

³⁶ Establishment numbers are derived from Annual Business Inquiry figures and adjusted for population at the London Learning and Skills Council sub-region level. Care should be taken when disaggregating to individual borough level, due to small sub-sample sizes. Starred (*) cells indicate a percentage between zero and one. Borough percentages do not sum to 100 due to rounding (Smallbone *et al.*, 2008).

5.5 Profile of ethnic minority third sector and social enterprises in the Five Olympic Boroughs

There is no current information about the exact number of ethnic minority third sector organisations including VCOs and social enterprises in London. Yet, it is often claimed that ethnic minority third sector organisations in London are characterised by being largely small sized and provide a wide range of activities including advice and advocacy provision, health services, housing and accommodation, faith, education and supplementary schooling for ethnic minority communities at a local level (Voice4Change, 2008).

With regards to ethnic minority social enterprises in London, only limited existing data exist detailing the nature and scale of these organisations, and the accuracy of the data is highly questionable (Sepulveda *et al.*, 2010). Several studies indicate that London has the highest level of ethnic minority social enterprise activity across the UK (GLA, 2007; Harding, 2006; OLMEC, 2007; OLMEC, 2011). A report for the Greater London Authority (GLA, 2007) estimated that (in 2005) London had between 3,300 and 5,000 social enterprises, approximately 30% of which were led by BME groups, 14% by Asian groups, the largest subgroup, and 5% from the Black population. However, the data used for this study were mainly derived from the 2006 London Annual Business Survey which related only to 'private sector employers' and did not include any VCO or third sector organisation with trading activities in the sample.

According to a mapping study carried out by OLMEC (2007), ethnic minority social enterprise principal fields of work are employment and training, followed by art, culture and leisure, education, youth, advice services, health and social care, information and communications technology (ICT) and housing (OLMEC, 2007). It should be highlighted that OLMEC examined a sample of 60 ethnic minority social enterprises and focused exclusively on organisations that were run by 'majority' BME groups (Black African Caribbeans and South Asian) and which were recruited from participants in the study through referrals from 'known

mainstream' third sector organisations only.

No accurate information was available concerning the scale and profile of ethnic minority third sector organisations in the Five Olympic Boroughs at the time that this research was carried out. Therefore, it was necessary to gather original primary data sources to investigate this. Moreover, as one of the objectives of this thesis was to study any evidence on the transition process of ethnic minority VCOs towards the social enterprise model, the sample comprised third sector organisations and excluded private enterprises. This can be related to the discussion of defining and mapping social enterprises mentioned earlier in Chapter 2. The following section presents the findings from the telephone survey of two hundred interviews with leaders of ethnic minority VCOs and social enterprises. This was complemented by a series of key informant interviews and follow up case study analysis of ten organisations. These findings focus on the characteristics and patterns of organisations, as well as the dynamics and the evolution of the sector in the Five Olympic Boroughs.

5.6 The nature and extent of the ethnic minority third sector and social enterprise activity in the Five Olympic Boroughs

5.6.1 Characteristics of organisations

Size of organisations

The survey shows that the vast majority of organisations (86%) were “micro” and “small” sized, employing fewer than 50 staff; 41% had fewer than ten staff; 45% between ten and fifty; 12% had between 50 and 250 staff; and only 2% of the survey sample were large organisations having more than 250 staff (see Table 5.6).

Table 5.6 Staff Numbers (paid and un-paid) of organisations surveyed

Size	N ^o organisations	%
Micro (<10)	82	41
Small (10≤50)	90	45
Medium (50≤250)	24	12
Large (>250)	4	2
Total	200	100

Source: compiled by author

Of the organisations surveyed, 82.5% were small and medium enterprises (SMEs) in terms of turnover (see Table 5.7). Only 16% of all 200 organisations surveyed were large. This evidence clearly indicates the tendency for ethnic minority social enterprises to operate on a small scale.

Table 5.7 Turnover of organisations surveyed

Size	N ^o Organisations	%
Micro (<£15,000)	53	26.5
Small (£15,000≤£50,000)	38	19
Medium (£50,000≤£500,000)	74	37
Large (>£500,000)	32	16
Non response	3	1.5
Total	200	100

Source: compiled by author

Organisational maturity

Fifty-five per cent of organisations surveyed were established before 1997; 22% between 1997 and 2000; and 20% between 2001 and 2007. Some 2.5% of organisations had just started up when the survey was done (see Table 5.8). The results confirm that the majority

of organisations surveyed had been operating for more than twelve years; so they are well-established organisations. This can be explained by the public sector cuts and reduction of public funding aftermath of the global financial crisis since 2008 (DTI, 2002; Cabinet Office, 2010b).

Table 5.8 Organisations maturity

Age of organisations	N ^o organisations	%
2009-2008	5	2.5
2007-2001	40	20
2000-1997	44	22
Prior to 1997	110	55
Non response	1	0.5
Total	200	100

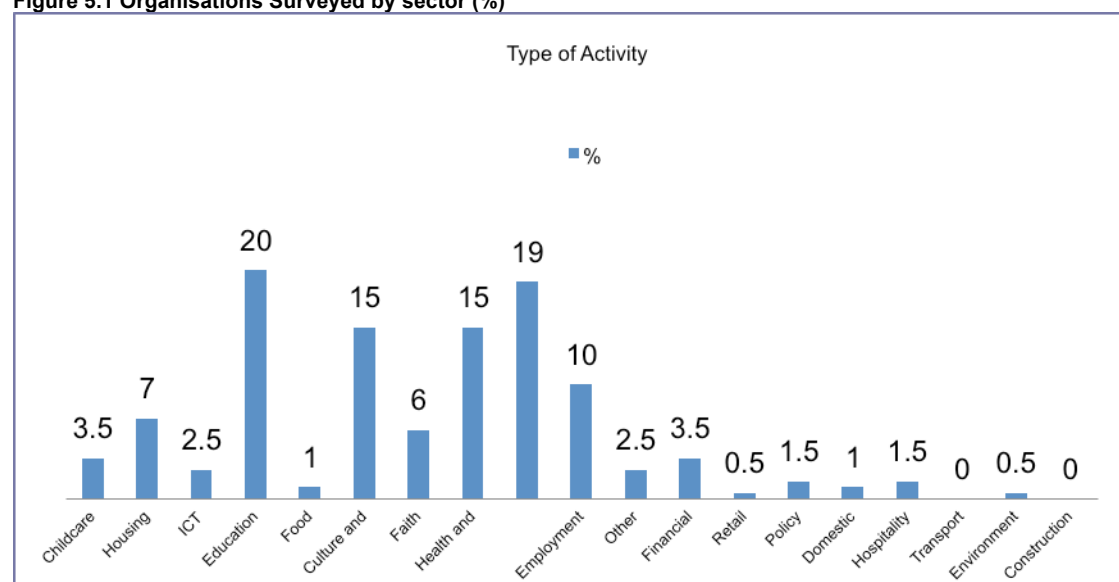
Source: compiled by author

Type of activities

The organisations operated across a wide range of industries and sectors. The organisations that participated in the survey worked in the following sectors: education (20%); general advice (19%); culture and recreation (15%); health and social care (15%); employment and training (10%); housing (7%); and faith-related activities (6%) (see Figure 5.1). These findings seem to contrast with the OLMEC survey on the type of activities carried out by ethnic minority social enterprises in London (see Section 5.5 for further details). Evidence also shows that these organisations predominantly operated as multi-service providers, with the majority of organisations (58%) being engaged in a number of different activities that related to a range of community needs. Those identified as delivering services in more than one sector had made a transition from being initially a specialist provider of *one* service towards becoming *multi* service providers. This trend is also evidenced more widely in the development of mainstream civil society and third sector organisations (NCVO, 2009). The

evolution of organisations in this way was encompassed in these answers: “*We started providing specific services, now we do different activities for the locals*”, “*My organisation covers everything, we have different services and help everyone*” or “*We need to cover all the necessities of our community, which is why we look at different areas*”.

Figure 5.1 Organisations Surveyed by sector (%)



Source: compiled by author

Beneficiaries and geographical coverage

Overall, organisations tend to operate in local markets and specialise in local services. Sixty-two per cent of organisations surveyed cited the ‘local community’ as the principal target for their activities (Table 5.9). Some participants highlighted: “*We help everyone in society*” or “*Everyone who lives in the area is welcome to participate in our organisation activities*”. In addition, a range of specific social groups were identified as target beneficiaries of their activities including “young people” (8.5%), “women” (6.5%), “children” (5.5%) and the “elderly” (5%), followed by “entrepreneur”, “refugees and asylum seekers” and “other” (4% each). “Disabled” people as a client group scored lowest (0.5%) (see Table 5.9).

Table 5.9 Beneficiaries of Organisations Surveyed

Beneficiaries	N⁰ Organisations	%
Young	17	8.5
Entrepreneurs	8	4
Elderly	10	5
Local community	124	62
Children	11	5.5
Refugees and asylum seekers	8	4
Women	13	6.5
Disabilities	1	0.5
Other	8	4
Total	200	100

Source: compiled by author

Regarding geographical coverage, evidence indicates that the vast majority of organisations work exclusively within their local area. Sixty per cent of all organisations surveyed stated they served local markets (so focused on the Five Olympic Boroughs), whilst 26% provided services across London; 11% had national coverage and the remaining 3% served clients internationally (see Table 5.10).

Table 5.10 Geographical Coverage of Organisations Surveyed

Geographical coverage	N⁰ Organisations	%
Local	120	60
Regional	52	26
National	22	11
International	6	3
Total	200	100

Source: compiled by author

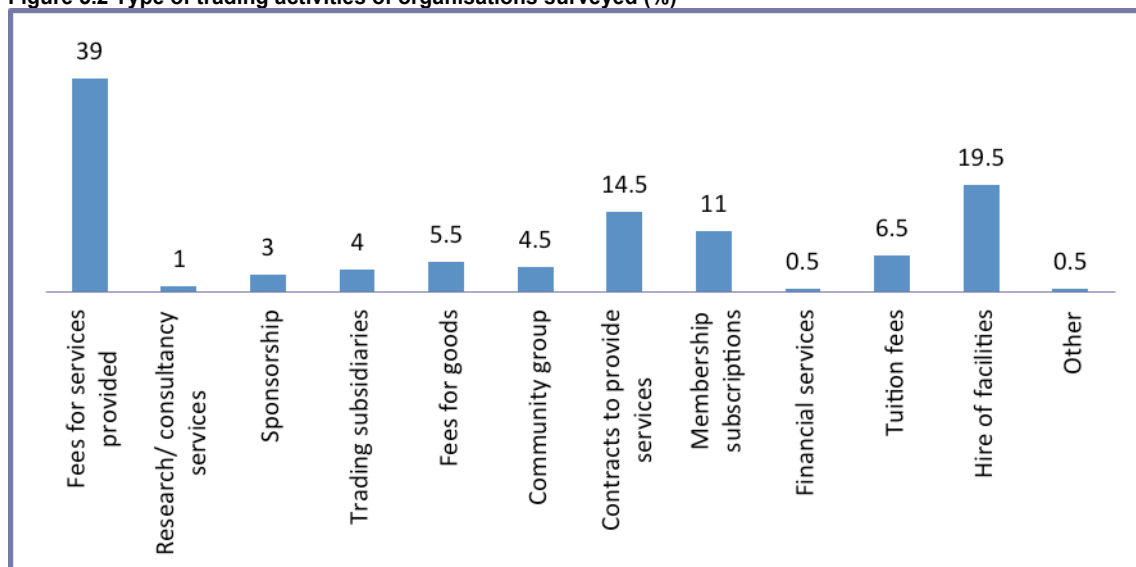
5.6.2 Sources of income and trends towards increased trading activities

Out of the 200 organisations surveyed, 74% stated that they were engaged in some form of commercial activity. This indicates that a high proportion of organisations were social enterprises following the definition established by the National Voluntary and Community Organisations which considers SEs as organisations only if they have income generating activity (NCVO, 2009). Of these, a total of 28% met the official government criterion of being a social enterprise in that 50% or more of their income was derived from trading (see Section 2.2.3). Hence, less than half of organisations surveyed can be classified as ‘established social enterprises’ in terms of meeting the criteria that half or more of their income is derived from trading activities³⁷ (DTI, 2002). Regarding these activities, survey findings indicated that 58% of the participants identified more than one type of trading activity within their organisation.³⁸ Figure 5.2 shows that, of those organisations that engage in such trading activities, a large proportion charge service user fees (39%), followed by 19.5% which charge for hiring facilities and 14.5% which charge for contracts to provide services.

³⁷These organisations would not be defined as “social enterprises” if using a more restricted definition of the term (Borzaga and Defourny, 2001). In the UK, a distinction is often made between “established” social enterprises (50+% income is generated from trade activities) and “emerging” social enterprises those for which (<50% or 25-40% income is generated from trade activities) (Peattie and Morley, 2008).

³⁸The NCVO (2008) classification of trading activities within social enterprises has been used for this study which includes fees for provided services, contracts to provide services, sponsorship, research or consultancy services, membership subscriptions, trading subsidiaries, hire of facilities, fees for goods, tuition fees and financial services.

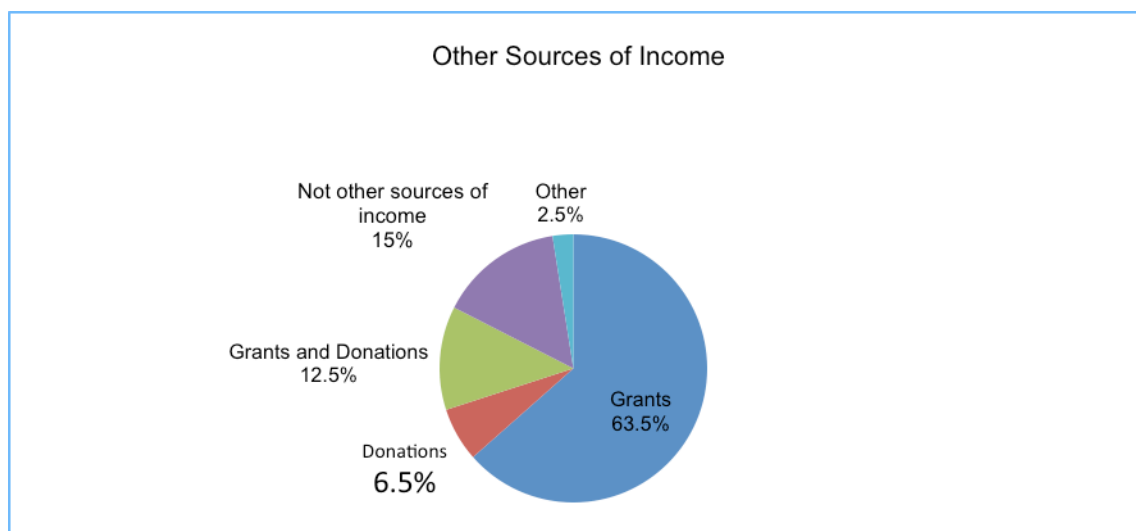
Figure 5.2 Type of trading activities of organisations surveyed (%)



Source: compiled by author

Although earned income that was generated through service provision constituted the main source of commercial revenues for these organisations, income derived from grants and donations remains essential for them as well. As shown in Figure 5.3, more than half of organisations surveyed received a large amount of income from other sources. Of a total of 200 organisations surveyed, 63.5% affirmed receiving income from grants, 6.5% from donations, 12.5% from both grants and donations, and 2.5% from other sources of income. Only 15% of participants affirmed they did not receive any other source of income apart from that of their trading activities.

Figure 5.3 Other sources of income of organisations surveyed (%)



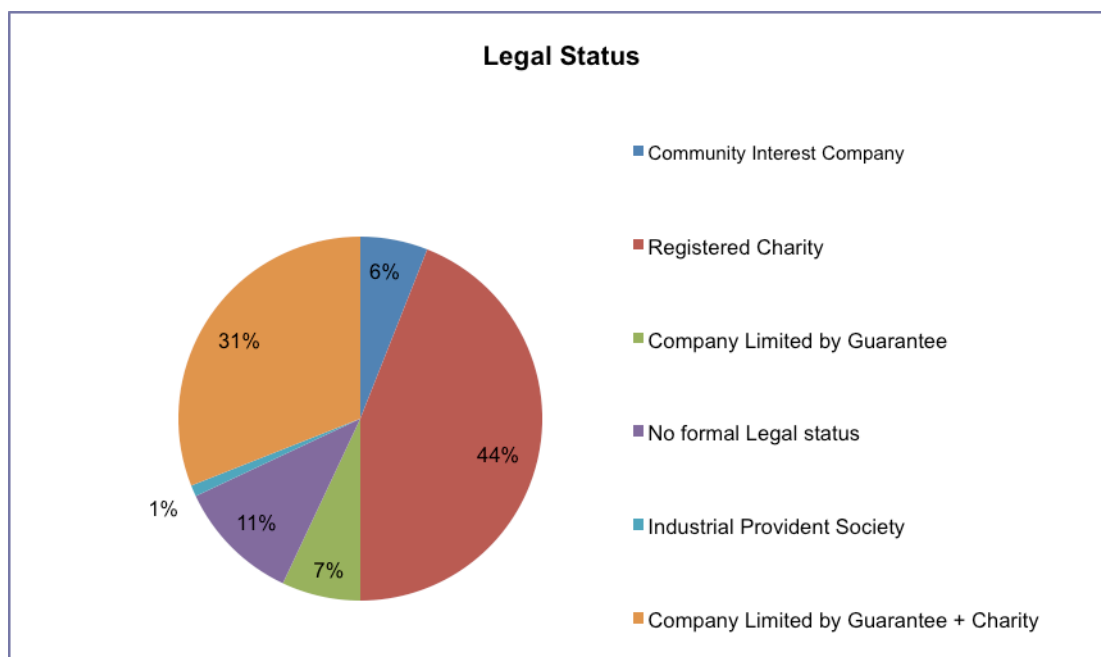
Sources: compiled by author

This shift towards promoting greater earned income was mainly driven by the decline in traditional funding sources from local authorities and statutory bodies. As one participant stated: *“Our grants have been reduced in the last years, we need to have other sources of income [other than grants]; otherwise we cannot survive”*. Further information is provided in Chapter 7 (see Section 7.1 for further details). The impact of the financial crisis which affected UK since 2008 and subsequent reductions in public sector funding had created a situation of considerable uncertainty within which organisations were struggling to survive and had little opportunity for longer term planning (CEMVO, 2010). Consequently, some organisations have diversified their income streams increasing their trading activities to protect themselves against financial instability moving towards the social enterprise model (see Section 2.2.3).

5.6.3 Challenges in measuring and defining ‘ethnic minority SE activity’

The fieldwork demonstrates several challenges when measuring and defining ‘ethnic minority social enterprise activity’. Diversity in the legal structure adopted by organisations, informality and the different terminology used to define the ‘ethnicity’ of organisations surveyed were the main issues that emerged from the findings. Evidence from the telephone survey conveyed that the legal structure of these organisations was extremely diverse, encompassing different legal entities, which were themselves often determined by the nature of the organisations’ activities and the governance structure. The majority of the 89% of organisations that were formally registered were either Registered Charities (44%) or had dual status as Registered Charities and Company Limited by Guarantee (31%) (see Figure 5.4). This indicates that having dual status was common among the organisations surveyed; a result that corroborates earlier studies within ethnic minority social enterprises (OLMEC, 2007; OLMEC, 2011).

Figure 5.4 Legal status of organisations surveyed (%)



Source: compiled by author

The use of a “Company Limited by Guarantee” structure by many demonstrated their recognition of the need to give their trustees limited liability as well as provide a corporate status that allowed them to pursue growth and engage in commercial activities in order to more effectively fulfil their social missions. Only 1% of organisations surveyed were registered under Industrial Provident Society status. As Figure 5.4 illustrates, a small minority of organisations (6%) of the total sample were Community Interest Companies (CICs), an indication that ethnic minority organisations are slowly connecting to this legal form for ‘social enterprises’ introduced in the United Kingdom in 2005 (see Section 2.4 in Chapter 2). Interestingly, a third of the organisations that were registered as CICs reported to have received income from grants and donations. This clearly indicates that although earned income activities are vital for these organisations, most of them complemented this with other sources of financial support. Furthermore, the survey identified a small but significant number of organisations (11%) of the sample that lacked any legal status and operated informally.³⁹ These findings give some indication of the importance of varied informal organisational activity rooted within the diverse population characteristics of the Five Olympic

³⁹ Due to the methodological problems of “findings” informally operating ethnic minority social enterprises, this figure is likely to be an underestimate of the true statistic.

Boroughs (see Section 5.2 for further details).

In relation to the definition of ‘ethnicity’ within the organisations surveyed, a number of key findings emerged. First, organisations identified their own ‘ethnic’ identity with regard to their beneficiaries and staff members by naming a variety of dimensions including ‘race’, ‘nationality’, as well as ‘faith’ and ‘immigration status’. Respondents used categories such as ‘Mixed’ background (39%), ‘Black’ (15%) and ‘Asian’ (12%), alongside ‘country of origin’ or ‘nationality’ (19%). Somali, Turkish, Kurdish and Bangladeshi were the most mentioned nationalities, whilst ‘faith’, Muslim (3%) and Jewish (1%) and ‘migration refugee status’ (7%) were used to describe the ethnicity of their beneficiaries (see Table 5.11). In terms of the ethnicity of staff, 55% stated they had a “mixed” ethnic staff. This figure is higher than that observed in relation to their customer base (39%), a reflection of the diversity of backgrounds of the people working for these organisations. The diversity of self-definitions used by those within the sample demonstrates the increasing difficulty of using the ‘BME’ definition as derived from official (Home Office) data collection categories.

Table 5.11 Ethnicity of beneficiaries and staff (%)

Ethnicity	Beneficiaries	Staff
Black	15	15
Asian	12	12
Mixed	39	55
Country of origin	19	10
Faith	4	4
Refugees	7	0
Non response	4	4
Total	100	100

Source: compiled by author

A second dimension relates to the basis upon which organisations are categorised as 'ethnic'. Significantly, evidence from key informant interviews and follow up case study analysis of the ten organisations in the study indicate that there were notable differences between policy makers and BME support bodies who adopted 'official' definitions of 'ethnic minority social enterprise activity' on the one hand, and how ethnic minority groups themselves constructed meanings around the activity they were engaged with and how they defined their own ethnicities on the other. Interestingly, although most official definitions associate the ethnicity of the enterprise with that of its *owner* or *manager* (see Section 2.4 in Chapter 2), the research reveals that the vast majority of organisations tended to do so based upon the ethnicity of their *beneficiaries* when defining their identity. The Director, a White British woman of a local social enterprise in Tower Hamlets illustrated this point claiming: *"We are an ethnic minority social enterprise because our organisation is based in Tower Hamlets and 90% of our service users are from ethnic minority communities"* [Director, CS10].⁴⁰

This view was, however, strongly criticised by key informants who worked to provide advice and support to ethnic minority social enterprise activities (see Box 5.1). In contrast, they claimed that they adopted 'official' definitions of 'ethnic minority social enterprise activity' focusing more upon the issues of management and ownership to define the "ethnicity" of organisations (see Business Manager in Box 5.1). A key informant commented that although most service users were mainly from ethnic minority backgrounds, this could be an accidental factor as there may be a large number of ethnic minority groups based in their particular geographical area (see BME Development Manager in Box 5.1). Moreover, several key informants reported that to consider 'ethnic minority social enterprises' only as organisations that help ethnic minority groups could impede their growth as they might then only focus on ethnic minorities instead of serving wider communities.

⁴⁰CS10 refers to number 10 from case study organisations (Table 4.7 in Chapter 4).

Box 5.1 Definition based upon the ethnicity of owners/managers

"We adopted the definition undertaken by the Social Enterprise Coalition, and define ethnic minority social enterprises as organisations where the owners are from a BME background" [Business Manager, I7].⁴¹

"I wouldn't define ethnic minority organisations as those which have most service users from ethnic minority backgrounds. Well, if you are operating in a borough, like Hackney, for instance, you would expect that the majority of individuals would be Black and minority ethnic. I think it is the membership of the board's management that determines what an ethnic minority organisation is" [BME Development Manager, II2].

5.7 Role of local government and support infrastructure

This section examines the role of local government and its support infrastructure upon ethnic minority organisations in the Five Olympic Boroughs, with a particular emphasis on social enterprises. It can be argued that since the Local Government Act (2000) introduced the concept of Local Strategic Partnerships (LSPs), opportunities (in terms of support) for public, private and third sector organisations in each London Borough have opened up. This has brought together representatives of the public, private and third sectors in each London Borough to support each other and work together. Specifically, within third sector organisations, the Compact and Change Up strategies⁴² were established in an attempt to improve the relationship between local authorities and the third sector (NCVO, 2010).

With regards to the involvement of third sector organisations in local politics within these boroughs, important differences have been identified. Glynn (2010) pointed out that whilst

⁴¹I7 refers to number 7 from semi-structured interviews (Table 4.4 in Chapter 4).

⁴²The Compact was established in 1998 as an agreement between Government and the voluntary and community sector in England. Change Up is a government programme established to meet the support and development needs of frontline third sector organisations, through the provision of high quality, accessible and sustainable support services. Capacity builders was established in 2006 to manage Change Up, and this has subsequently taken on a range of other programmes aimed at helping third sector organisations access high quality advice and support (Bovaird, 2010)

the Hackney and Tower Hamlet local authorities enjoy a long tradition of involvement within third sector organisations, in Newham these relationships have been strained with third sector organisations, leaving the local council to assume full responsibility in commissioning funds. With respect to social enterprise opportunities, it has been suggested that the uncertainty over the future levels of East London council grant funding has encouraged local authorities to support the social enterprise model and to open opportunities to contract out public services to third sector organisations (Glynn, 2010). The table below shows support organisations in the Five Olympic Boroughs. Table 5.12 demonstrates that there is limited specific support for social enterprises. The views of a Business Support Officer who works at Greenwich Council, a Senior Regeneration Officer from Hackney Council and the Head of the 2012 Games Unit corroborated this (see Box 5.2). With respect to the support infrastructure available to the ethnic minority sector in the Five Olympic Boroughs, as can be observed in Table 5.12, there are a limited number of locally-based bodies that provide assistance to build BME organisational capacity.

Table 5.12 Local infrastructure and support in the East London Olympic Boroughs

LOCAL SUPPORT INFRASTRUCTURE	
SOCIAL ENTERPRISES	Information on SE support in Newham, Tower Hamlets and Waltham Forest Local Authorities. Tower Hamlets and Greenwich Co-operatives Development Agencies (CDAs), Social Enterprise London
BUSINESSES	Business Link, East London Business Alliance (ELBA), East London Business Place (ELBP), East London Business Centre (ELBC) and Bromley by Bow Centre.
THIRD SECTOR	Greenwich Action for Voluntary Sector (GAVS), Hackney Community Voluntary Sector (HCVS), Tower Hamlets Community Voluntary Sector (THCVS), Community Links, Newham Voluntary Sector Consortium (NVSC), Waltham Forest Voluntary Action (WFVA).
BME BUSINESS	BME Alliance
BME THIRD SECTOR	Race Equality Council

Source: compiled by author

Box 5.2 Limited support for social enterprises in the five Olympic boroughs

"I don't think there are a lot of initiatives located in the borough [Tower Hamlets] to support social enterprises; there are some organisations supporting businesses where there are social enterprises. A good example is 'Beyond the Barn', which was funded by the Working Neighbourhood Fund to help people to set up a business; it wasn't specifically about SEs; it was about business activity" **[Policy officer, I5].**

"I used to work supporting social enterprises, and I knew more before than now, but I don't think we have any particular policies for SEs. There is no efficient support; we have the Greenwich advisory and voluntary sector but nothing specific for SEs" **[Business Support Manager in Greenwich, I1].**

"Well, it is not a specific social enterprise policy but it [third sector related policy] is encouraging SEs in general" **[Head of 2012 Games Unit in Hackney, I2]**

As a means to explore in greater depth the extent to which regeneration and contracting arrangements in these boroughs were providing opportunities for ethnic minority social enterprises; the study chose to investigate the impact of the preparation for the 2012 Games in greater detail. Therefore, the Olympics preparation provided an opportunity to look at how ethnic minority social enterprises were or were not benefitting from potential contracting opportunities.

5.8 Ethnic minority social enterprise activities and the London 2012 Olympics

Diversity was a key reason why the Olympic Committee chose London, one of the most multicultural cities in the world, to host the 2012 Games (Benedictus, 2005; Ryan-Collins and Sander-Jackson, 2008). A stated objective of the 2012 Games was to encourage the involvement of local ethnic minority communities and social enterprises within the Games' preparation and delivery (ODA, 2007). However, little is known about the contracting opportunities available for ethnic minority organisations and social enterprises within the 2012 Games. A research study by Smallbone *et al.* (2008) found that few ethnic minority

businesses had won contracts within the Games by November 2008 and underlined that first tier contracts were too large to be suitable for ethnic minority organisations. One aim of this research was to examine the nature of the involvement of ethnic minority social enterprise activities based in the East London Olympic Boroughs within the preparation and delivery of the 2012 Games (see Section 1.3 for further details).

5.8.1 Procurement policies and practices

The Olympic Delivery Authority (ODA) was a public body established in 2005 to deliver the new venues and infrastructure for the 2012 London Olympic and Paralympic Games on the one hand, and to ensure that the economic and social benefits reach all communities in the UK on the other (Ryan-Collins and Sander-Jackson, 2008). ODA policies were designed to increase the diversity of suppliers within the context of existing legislation and regulatory requirements, making contracts accessible to local SMEs and social enterprises (ODA, 2007). The ODA published the *Equality and Diversity Strategy* and the *Race Equality Scheme* in 2007 to promote equality, inclusion and diversity in its procurement policy as part of a commitment to supplier diversity (ODA, 2007). However, despite the fact that these procurement policies represented an attempt to expand the diversity of Olympics suppliers and to benefit social enterprises and ethnic minority communities in the Five Olympic Boroughs, it could not prioritise organisations owned by particular groups or located in particular areas in the procurement process (Smallbone *et al.*, 2008). This is because the ODA needed to legally ensure that it followed the EU public procurement directives, UK public contracts regulations and public sector responsibilities to ensure that its procurement practices were 'open to everyone' (ODA, 2007). Despite the ODA intentions, the extent to which it could in practice promote ethnic minority social enterprise activities is somewhat limited.

There were three main ODA procurement teams: Programmes Procurement (which provided guidance, assurance and standard documentation); Project Procurement (responsible for

procuring works related to construction); and Corporate Procurement (which focused on the provision of goods and services such as IT and communication services, catering, transport, security services, maintenance and cleaning) (Smallbone *et al.*, 2008). It is within the Corporate Procurement programme where most opportunities for local social enterprise activities lay, as this programme was in charge of subcontracting goods and services. Most importantly, the ODA contracts were often negotiated directly with first-tier contractors which in turn sub-contracted to other firms. It has been claimed that opportunities existed for social enterprises including ethnic minority organisations to be relegated to a subcontracting role with large private sector contractors that could make the tender more attractive to the public authority (Smallbone *et al.*, 2008).

The main mechanism to find out about and bid for contract opportunities within the London 2012 Olympics was via an online pre-procurement tool called “CompeteFor”, which was launched in January 2008 by all English Regional Development Agencies, to enable purchasers to advertise contract opportunities and suppliers so as to express an interest in the Games’ opportunities (Smallbone *et al.*, 2008). The ODA procurement strategy was to ensure that the CompeteFor tool provided such opportunities for local small and medium enterprises including ethnic minority social enterprises (ODA, 2007). The Head of the Olympic Legacy illustrated this claiming: *“I think if CompeteFor was not here, only large companies would have benefitted, but we know there are small businesses who have won contracts, so they wouldn’t have done it without CompeteFor”* [Head of Games Business Legacy, l8].

Support Infrastructure

With respect to support infrastructure, several key programmes were established to help distribute the economic benefits of the Olympic and Paralympic Games across local, regional and national levels.

The London 2012 Business Network (funded by the London Development Agency in 2008) was set up to ensure that companies have fair access to contracts for the Games. It offered an outreach programme and raises awareness about the existence of “CompeteFor” and provided guidance on how organisations can register and apply for these opportunities (LDA, 2011). Moreover, the ODA Equalities and Inclusion team, in conjunction with the London 2012 Organising Committee, also undertook a range of business outreach activities in the local community, in particular with business support organisations such as LDA-funded projects “East London Business Place” and “Supply London” to raise awareness of Games-related business opportunities (LDA, 2011).

With respect to third sector support infrastructure, the Big Opportunity was funded by the Big Lottery in 2008 to engage third sector organisations, including social enterprises in Olympic development. It also sought to be the strategic interface between the third sector and public and private bodies charged with delivering the Olympics (The Big Opportunity, 2012).

Other support programmes focused exclusively on social enterprise organisations. In 2007, a national project “Social enterprise: winning the 2012”, funded by the Office of the Third Sector (now known as the Office for Civil Society) and working in partnership with the Social Enterprise Coalition (now known as Social Enterprise UK) and Social Enterprise London, was initiated to represent the voice of social enterprises to policy makers and procurers in preparation for the Olympic and Paralympic Games (SEL, 2011). A director (a Black Caribbean male) of a food company in Newham described the support received from Social Enterprise London (which organised events and provided information and support for social enterprises and which wanted to bid for contracts within the Games) as follows: *“I must confess we have received support from SEL, they have a fantastic report about the Games and how to get contracts with the Olympics, although nothing has happened at the end”* [Director, CS4].

Specifically, within the Five Host Boroughs, a Communication Boroughs Unit was created to aid collaboration between boroughs in the preparation of the 2012 Games. A Business Support Manager that worked at Greenwich Council illustrates this (see Box 5.3). What was apparent is that several strategies were implemented to support the engagement of local organisations, including social enterprises in the 2012 Games; but there was no current infrastructure support exclusively for ethnic minority social enterprise activities.

Box 5.3 Collaboration between the Five Olympic Boroughs

“If we speak together [the Five Olympic Boroughs], we are stronger than trying to get things done individually so we have lots of meetings, five-borough meetings, and we have a communication borough unit, so they have a meeting and the chief executives of the five boroughs meet and the leaders of the five boroughs meet; so for everything we were working together on that and that works quite well” [Business Support Manager, I1].

5.8.2 Contractual opportunities in the 2012 Games

The telephone survey findings revealed very limited involvement of ethnic minority social enterprise activities in the preparation and delivery of the London 2012 Games. Only 8 out of 200 (4%) organisations surveyed had at the time the survey was conducted (October to December 2009) benefited from any income generating opportunity arising from or related to the Games, and those which did, did so mainly by ‘indirect’ contracts. One example is provided by the Director of a social enterprise that benefitted from ‘indirect’ subcontracting focused on providing social media courses for children in Hackney. She pointed out: *“We are doing some projects with Film Nation. Kids create films about the Olympics. That is the only way we are getting involved, but we are also with Arsenal, so we do a programme with them”* [Director, CS6]. When asked about the beneficiaries of the Games, most respondents reported that they felt that the main beneficiaries were not social enterprises or SMEs but multinational companies. In this respect, a typical response was that of a policy officer (see

Box 5.4).

Box 5.4 Multinational companies as beneficiaries

“Well, I would say the big companies have benefitted because they are taking all the contracts and what is happening is that they are making all the money, all the big companies, and you get one or two local companies working there, but if you look at the money, where has it gone? To big companies, they are not staying in the UK; the money went to Germany and other countries” [Policy Officer, I4].

Moreover, when participants were asked whether they knew that the 2012 Games awarded contracts to social enterprises, they tended to mention large and well-established organisations. The organisations mentioned among others were Hackney Community Transport (HCT), Greenwich Community Transport and Catering2Order. Overall, 45% of respondents from the organisations surveyed described their relationship with the Games as ‘non-existent’ or as either ‘negative’ or ‘very negative’ (40%). Only 12% described their experience as positive, and 3% as highly positive. In fact, case study evidence indicates that half of the ten organisations selected for the study tried to bid for contracts within the 2012 Games but failed to win these contracts. Respondents identified several barriers affecting their organisations’ involvement with the preparation and delivery of London 2012 Olympics. These “barriers” related to: 1) limited capacity of organisations; 2) information, advice and support; 3) network opportunities; and 4) regulations.

1) Organisations’ Capacity

Limited capacity of ethnic minority social enterprises themselves was identified as a major barrier to access contract opportunities related to the Games. An example is provided by the Director of an ethnic minority social enterprise in the media and education sector in Hackney who pointed out: *“We don’t have the money, resources and skills to compete with other companies for Games’ contracts” [Director, CS6].* Some participants suggested that, since their organisations were small and had limited experience on public sector contracts, they

found it difficult to bid for contract opportunities (see Box 5.5).

Box 5.5 Limited organisations capacity

“We are small and we don’t have any track record or experience of public sector contracts...the ODA is going to be terrified that our small organisation will let them down or whatever” [Director, CS5].

“We don’t have the experience with large contracts, so it is so difficult to get contracts with the Olympics” [Manager, CS8].

Internal skills and resources were seen as another cause of the very limited involvement of ethnic minority organisations in the 2012 Olympics preparations and (as many of the organisations readily admitted) reflected that they were often not ‘contract-ready’ to bid competitively for the available opportunities. This view was shared by a key informant (see Box 5.6).

Box 5.6 Limited skills and resources

“I don’t think that social enterprises based in East London areas are officially mature enough to bid a contract for the Games...you know, to penetrate [this market] in the same way [as private companies]... [They] don’t really have the scale to compete for those big contracts [...] and most social enterprises don’t have a specific track record, and so they may be down in terms of reliability and capability to supply [good and services] on the scale that’s required” [Business Support Manager, I1].

To overcome size and resource constraints, some participants considered developing partnerships with other organisations. An example of this is illustrated by the Manager of a catering social enterprise in Greenwich who claimed: *“We are thinking about creating a consortium to bid for contracts for the Games, I am already talking with a catering company*

about this” [Manager, CS8]. However, although these participants were optimistic about the idea of forming such partnerships to bid for a contract, they rarely actually did so. A Business Manager who provided guidance to business about contract opportunities within the 2012 Games expressed his view about forming partnerships for contracting opportunities. He commented: “Well, a consortium is really difficult to manage. They [the 2012 Games’ bodies and main representatives] are encouraging organisations to form a consortium, but one of the rules of public contract procurements is that you have to have three years of accounts, so unless you have been in a consortium for three years you are not going to win but it is people like me who have to stand and say what is going on and then they think I am a bad person” [Business Manager, I7].

2) Information, advice and support

Patterns of disengagement became apparent in relation to the lack of information, advice and support regarding how local organisations could get involved in the 2012 Games. An example of this is a response from a Director of a social enterprise that works in recruitment in Tower Hamlets. She pointed out: *“We don’t know how to get involved within the Games and we don’t know where to go to ask for help” [Director, CS3].*

However, measures to solicit engagement were widely understood to be superficial and failed to meet the needs of local ethnic minority organisations as captured in these comments: *“We heard a lot but nothing happens”* and *“Local BME organisations are excluded from relevant [Olympic] discussion or debates”*. This suggests a pattern of disengagement of ethnic minority organisations within the preparation and delivery of the 2012 Olympics. Only the Director of a catering company in Greenwich reported the fact she was aware of the existence of mainstream support bodies to assist her involvement and opportunities to discover contract opportunities for the Games. She stated: *“I receive emails regularly and actually I am going to attend an event this month about catering opportunities. I have also received some support from East London Business Place. I went there to improve*

my organisation's capability to bid for contract opportunities" [Manager, CS8].

3) Network opportunities

There was apparent agreement among participants about the importance of developing close networks with the stakeholders of the 2012 Games, in particular with major contractors. According to some key informant interviewees, contractors were likely to turn to existing suppliers and people that they already knew. This actually restricted opportunities for organisations that did not have existing connections, as illustrated by the Director of 2012 Games legacy who pointed out: *"If you have a good relationship with a "first-tier" contractor then you will have more opportunities to get a contract with the Games, as contractors give contract opportunities to those who they already know"* [Director 2012 Olympic Legacy, I15]. Therefore, organisations that did not have close networks with major contractors and stakeholders of the Games were less likely to bid for contract opportunities. A number of respondents expressed the view that existing prejudices restricted the participation of ethnic minority communities in the bidding process. For example, the Director of a social enterprise related to health in Tower Hamlets stated: *"There are some contractors who may think that ethnic minority companies are not qualified to bid for contracts to deliver services and will probably fail, just because they are Black organisations"* [Director, CS10].

4) Regulations

A further point of discussion related to the Olympic Delivery Authority was regulations which were supposed to encourage the participation of local organisations within the London 2012 Games with their preparation and service delivery. Some participants were dismissive of the ODA's claim (2007) that contract opportunities were 'open to everyone' (see Section 5.8.1). The problem with this, according to one respondent, was that the competition from multinationals for contract opportunities was high and, therefore, local businesses were less likely to win contracts for the Games. A Director of a food cooperative in Newham stated: *"The ODA said that there is nothing they can do about it [high competition from*

multinationals], *but then multinational companies will benefit from the Games, not local organisations, so they cannot state that the Games will benefit local business*” **[Director, CS4]**.

With respect to CompeteFor, overall, respondents perceived the website as transparent and unique. As illustrated by the Director of an employment agency in Tower Hamlets: *“I think CompeteFor has been very transparent, you know, the locals can advertise to bid for contracts on the system... so I think it is better than it has been in previous Games and I think CompeteFor can benefit not only the Games but the future [of organisations]”* **[Director, CS6]**. However, there were also critical voices of CompeteFor procurement practices mainly by organisations that did not have any contact with support bodies. They reported finding difficulties in both registering on the CompeteFor website and understanding the bureaucracy involved in the procurement process (for example, when completing questionnaires). This is illustrated by the Director of a catering business in Greenwich (see Case 8 in Box 5.7). Finally, the fact that organisations whose bids were rejected did not receive any feedback from CompeteFor was also mentioned (see Case 10 in Box 5.7).

Box 5.7 Difficulties in understanding CompeteFor

“I found it very difficult to use CompeteFor, especially when you need to publish your profile; they ask you for so many things!” **[Manager, CS8]**.

“Sometimes it [CompeteFor] is a really transparent process because all the requirements are there, but sometimes it is not because you can apply but you get no idea why you got rejected... very rarely do you receive any kind of feedback” **[Director, CS10]**.

5.9 Conclusions

This chapter has presented information about the case study “the East London Olympic Boroughs”. Findings from the fieldwork revealed that this area provides a very particular

socio-economic, demographic and policy context; one where there is a highly ethnically diverse population and a well-established presence of ethnic minority organisations. These factors provide conditions that are potentially amenable to the start up and development of ethnic minority social entrepreneurial activities. The most typical characteristic observed among ethnic minority organisations in the Five Olympic Boroughs is that most are small and financially vulnerable organisations. Evidence also showed that such enterprises that are located in this area provide a wide range of services for the local community, primarily related to education, health, social care and employment. The characteristics of ethnic minority organisations in the East London Olympic Boroughs appear broadly similar to other ethnic minority enterprises and organisations in other parts of the UK (see Smallbone *et al.*, 2001; Reid, 2004).

Findings from the fieldwork highlighted important issues concerning the dynamics and evolution of the ethnic minority social enterprise sector in the East London Olympic Boroughs. The first issue is related to the increase in earned income activities within ethnic minority organisations in recent years; even though organisations still rely on grant funding. Evidence clearly indicates the transition of traditional third sector organisations towards the social enterprise model. Yet, their sustainability is limited by the decline in traditional funding sources in recent years as observed in the findings (Afridi and Warmington, 2009).

A second issue is related to the substantive challenge of measuring and mapping ethnic minority organisations in the East London Olympic Boroughs. The diversity amongst organisations in terms of their wide range of organisational forms (for example, legal structure, degree of profit orientation and governance) complicated the mapping of such organisations. Moreover, the extent to which ethnic minority organisations adopted a formal legal status and hence were captured within official data sources was highlighted earlier. The evidence revealed the importance of varied informal social enterprise activities rooted within the diverse population characteristics in the East London Olympic Boroughs. The issue of

the invisibility of organisations has also been mentioned within the BME literature as some academics have argued that a lack of legal status is the norm for many small ethnic minority organisations (Zetter *et al.*, 2005), reflecting their wariness of engaging with the formal regulatory state system. Consequently, any estimation of the number of organisations based on formal incorporations is likely to be substantially underestimated.

A third issue that was evident was the basis upon which organisations are characterised as 'ethnic'. The array of subjectivity present within ethnic minority organisations demonstrated the increasing limitations of using a 'BME' definition derived from official (Home Office) data collection categories. In this respect, the findings reinforce Vertovec's (2007a) concern that the UK policy framework has yet to catch up with the profound demographic changes associated with 'super-diversity' populations that are characterised by a dynamic of multiple variables related not only to nationality and ethnic origin but also religion, cultural values, immigration status and migratory trajectory.

In addition, what was also important in terms of accessing organisations' understanding of the term 'ethnic minority social enterprise activity' was the significance they attached to added social value of their organisation in meeting the needs of ethnic minority groups by the provision of goods and services, a view prevalent in much existing academic literature (Borzaga and Defourny, 2001; Peattie and Morley, 2008). As a result, beneficiaries' ethnicity became a central criterion in defining their organisations rather than the ethnicity of their owners/managers.

A final issue arising from the findings was the lack of opportunity that ethnic minority organisations have to engage in the tendering process, specifically in relation to the London 2012 Olympics. Although most organisations interviewed showed a high level of interest and expectation in being involved within the Olympics, they faced several barriers, which reduced their capacity to compete for and indeed deliver goods and services for the event; notably,

the small scale of organisations and their limited resources. Moreover, although there was evidence of mainstream (statutory) bodies supporting the involvement of ethnic minority organisations within the 2012 Games, this support often failed to meet their needs. This was aggravated by the fact that organisations normally did not have the required networks to bid for contract opportunities or faced difficulties, for example in completing questionnaires or using the CompeteFor website.

These findings have provided a general picture of the nature and extent of ethnic minorities' involvement in social enterprise activity in terms of organisations' dynamics and evolution as well as their involvement in the 2012 Games. Yet, these findings open up new questions in the study of ethnic minority social entrepreneurial activities that need to be addressed. These include the organisations' resource base, their market opportunities and the nature of the political frameworks in the Five Olympic Boroughs. This may constrain or provide opportunities for the establishment and development of social enterprise activities within ethnic minority communities. These issues will be addressed in Chapters 6 and 7.

CHAPTER 6

UNDERSTANDING THE EMERGENCE OF SOCIAL ENTERPRISE ACTIVITIES AMONG ETHNIC MINORITIES

6.1 Introduction

One of the key objectives of this thesis was to understand the conditions that foster the emergence of ethnic minority social entrepreneurial activities. Tables 6.1 and 6.2 provide a summary of the circumstances of the emergence of ethnic minority social enterprise activity studied for this research and include the characteristics of each case study organisation in terms of the year of establishment, location, legal status, main activities and target or beneficiary group, as well as the profile of the individual entrepreneurs and their motivations. As observed in Tables 6.1 and 6.2, the circumstances in which the case study enterprises were established varied between the different types of social enterprises.

The conditions that foster the emergence of ethnic minority social enterprise activities were identified from the data analysis in Chapter 4 (see Table 4.5 for further details), and are based on the in-depth analysis of ten case studies and complemented with key informant interviews. The analysis began by searching interesting features in all the transcripts, and then collecting data relevant in codes. By bringing quotations of the transcripts for each code from different respondents together, inferences and deductions about perceptions of respondents of all of these codes were made. Three main factors emerged as being central to explaining the emergence of ethnic minority social enterprise activity. The first factor concerns the role of the political context in the emergence of ethnic minority social enterprise activity. The second factor is related to market opportunities and enterprise creation and explains how service gaps in welfare provision created a latent demand for their emergence. Finally, the third factor pertains to motivations that influence ethnic minority entrepreneur/s to undertake social entrepreneurial activities.

Table 6.1 Circumstances for the emergence of ethnic minority social enterprises among those selected for the case study (Cases 1 to 5)					
Cases	SE profile	Activities	Target	Founder/s profile	Motivations
1	1984, Tower Hamlets RC and CLG	Trading voluntary organisation that provides social care, training and employment	Local Asian disabled people	Group of Bangladeshi parents. Without high education	Improve the lives of their disabled children. Shared identity with Asians
2	2007, Tower Hamlets CIC	Social business that provides employment, educational & health	Local Muslim women	Leaders of 10 local Muslim women organisations. High work experience	Collaborative working to help each other. Shared identity with Muslim women
3	2001, Tower Hamlets CLG	Social business that provides employment, research and consultancy	London immigrants	Black African woman Highly educated and work experience	Help immigrants to get better jobs. Strong sense of empathy with immigrants
4	2002, Newham RC and CLG	Food cooperative that provides food services and education	BME local community in East London	Black Caribbean male. Highly educated with a finance background	Help local ethnic minorities. Strong family and faith values
5	2005, Tower Hamlets CLG	Social business that provides childcare employment opportunities	Local unemployment women in Tower Hamlets	Mediterranean woman. No education. Experience in SE sector	Help unemployment local women. Shared a common geographical area
*RC Registered Charity *CLG Company Limited by Guarantee *CLS Company Limited by Shares *IPS Industrial Provident Society					

Table 6.2 Circumstances for the emergence of ethnic minority social enterprises among those selected for the case study (Cases 6 to 10)					
Cases	SE profile	Activities	Target	Founder/s profile	Motivations
6	2004, Hackney Community group	Trading voluntary organisation that provides audio-visual and media educational courses	Local teenagers in Hackney	Black British woman. Highly educated. Scientist	Help local teenagers. Common geographic origins. Entrepreneur high interest in media
7	2008, Tower Hamlets CLS	Social business that provides social housing courses	Unemployed people	British Asian male. Highly educated and experience in social housing	Gain independence and control. Personal fulfillment and tackle unemployment
8	2008, Greenwich CLG	Catering cooperative that provides employment for the local community	Local unemployed people	South American woman. Social Enterprise education	Gain independence and control. Help unemployed locals.
9	1995, Greenwich RC and IPS	Trading voluntary organisation that provides social housing and mentoring services	Local Black young people homeless in Greenwich	Group of Black people Mixed education and experience levels	Help homeless Black African Caribbean youth. Strong group identity & Common geographic origins
10	1996, Tower Hamlets RC and CLG	Trading voluntary organisation that provides health courses and educational activities	Ethnic minorities in East London	London Borough of Tower Hamlets	To improve health education and tackle health inequalities in Tower Hamlets
*RC Registered Charity *CLG Company Limited by Guarantee *CLS Company Limited by Shares *IPS Industrial Provident Society					

6.2 The role of the policy context

Two main aspects showed the importance of the policy context in explaining the emergence of ethnic minority social enterprise activity. Firstly, the evidence of political support available for social enterprises and ethnic minority organisations since the late 1990s and the opportunities this provided for the establishment of ethnic minority social enterprises. Secondly, the reduction of traditional statutory grant funding sources and the fact that this has forced existing ethnic minority voluntary and community organisations to move towards the social enterprise model. There was evidence that although these organisations have shifted towards adopting social enterprise forms, paradoxically they did not identify themselves with the SE sector.

6.2.1 Institutional support for social enterprises and ethnic minorities

It was apparent from the interview responses that the emergence of ethnic minority social enterprise activity was linked to changes in the UK government's political agenda. It seemed that a number of policies implemented by the New Labour Government since the late 1990s positively affected the emergence of ethnic minority social enterprise activities. This is clearly observed in the following excerpt from a Black South American woman who founded a catering cooperative based in Greenwich (see Box 6.1).

Box 6.1 Policies influencing the emergence of ethnic minority social enterprises

"In the late 1990s, I heard of the changes that were coming to the state policy. There was a meeting at the community hall and the council came and said "this is your home and you have something to say"; so after hearing different people, each of them saying different things and then, well I guess I talked a lot, and then I was invited to be the leader of the community group. So at that time and within that group there was a lot of training coming out, so I started going into training. Well, the government by that time was saying that people in the community must be trained in order to help delivering the right services within the community. So that is how it all started, that is how I decided to establish the cooperative" [Founder, CS8].

There was also evidence that with the UK Government's recent publicity of the positive contributions of the social enterprise sector to society, the perception of social entrepreneurial activities has changed markedly in recent years. A couple of examples illustrate this. The first example in Box 6.2 is provided by a third sector manager who suggested how the UK Government promotion has changed the way that people view social enterprises. The second example comes from the Head of sustainability of a BME third sector support organisation, who pointed out how the institutionalisation of social enterprises has helped the emergence and legitimacy of the sector (see Box 6.2).

Box 6.2 UK Government promotion of social enterprises

"Social enterprise has received much more attention from policy makers in the last five years, you know, with success of things such as Fair-Trade and Divine Chocolate... social entrepreneurs used to be seen as a bunch of hippies, for yoga, and a bit kind of "anti-professional" and I don't think it is seen like that anymore, it is on the policy agenda" [Games Programme Manager, I16].

"I think charities and third sector organisations have always been quite innovative at raising income rather than through grants, but they won't label them or put them under the name social enterprise. In other words, a lot of charities, a lot of third sector organisations have always been quite enterprising but the actual word 'social enterprise' has only come around about in the last four or five years and the reason for that is that the Government has come up with the term social enterprise to really legitimate it in the world of bankers, funders, so they would understand, you know, and lend loans to organisations under the umbrella of social enterprises" [Head of Sustainability, I10].

Findings indicated that institutional support in terms of providing high levels of financial and business support for establishing social enterprises has positively affected the emergence of the sector. In a number of cases, interviewees reported that it has been easy for them to set up as a social enterprise due to the financial and business support provided. For example, the manager of a Muslim women's social enterprise that was set up in 2007 in Tower Hamlets provides an example of this by pointing out: *"Tower Hamlets Local Authority supported us; they gave us a contract for two years and also provided us with advice to set up the social enterprise. They [the Local Authority] support you if you are a social enterprise, so that is why we decided to take that path"* **[Business Manager, CS2]**. More detailed information about institutional financial and business support for ethnic minority social enterprises at the start-up and growth stages is provided in Chapter 7 (see Section 7.2).

Support provided for ethnic minority communities and how this benefitted the emergence of ethnic minority social entrepreneurial activities was evident among the case studies. An example that illustrates this is a social enterprise in Tower Hamlets that was set up by the Local Authority to tackle health inequalities among ethnic minorities in the borough (see Box 6.3). The second example comes from a social enterprise in Tower Hamlets that supported ten third sector organisations for Muslim women. As clearly illustrated in Box 6.3, the Local Authority acted as a 'civic entrepreneur' (see Leadbeater and Goss, 1998) establishing a social enterprise to support BME third sector organisations in Tower Hamlets through the Local Area Partnership's political agenda (see Section 5.7 in Chapter 5 for further details).

Box 6.3 Support for ethnic minority organisations

"It was set up in the mid 80s. First of all it arose out of an inquiry into health inequalities in East London and the inquiry involved a lot of powerful important people who look at health in detail and what they found was that among people who were living in the East and first language wasn't English and were poor, they were seriously disadvantaged in terms of health and were not easily accessing services. It was called the TH Health Strategy Group and since then it has become bigger and more broad being replicated into more than one borough" [Director, CS10]

"The idea [to set up an SE] was taken with Tower Hamlet Local Authority, um... well the council defined what they called Local Area Partnerships and you have BME third sector organisations that may be physically located in LAP1, LAP2, LAP3; so what the council wanted was to have an organisation that could bring the rest [BME third sector organisations] together, so discussions were going on with organisations and then the organisation was constituted" [Business Manager, CS2]

6.2.2 Transition towards social enterprise forms

A second stream of evidence shows that the emergence of a considerable number of ethnic minority social enterprises can be explained by existing ethnic minority voluntary and community organisations moving towards adopting social enterprise forms. Findings from the fieldwork reveal that the reduction in traditional grant funding available created pressure on existing ethnic minority VCOs (Cases 1, 9 and 10), to move in the direction of becoming social enterprises, i.e. trading activities. An example is provided by the Director of a social enterprise in Tower Hamlets that works with Asian disabled people. The organisation was originally established as a voluntary and community organisation and relied on grant funding from Tower Hamlets council after delivering contracting services for the council. As the Director stressed: *"Tower Hamlets Local Authority has moved from grant funding to contracted services, so that is why we have been forced to shift towards trading activities"* [Director, CS1]. Moreover, as shown in Box 6.4, several key informants also shared this view as they stressed that the changing policy framework of a reduction in traditional grant funding has forced ethnic minority voluntary and community organisations towards participation in contract opportunities to become financially sustainable. This was exacerbated after the Coalition Government had implemented funding cuts from 2010 and private foundation funding had also fallen. It can be argued that this shift contradicts the

basic notion of the “Big Society” which is supposed to help the third sector to flourish (Murdock, 2010). This issue also raises the question of whether these organisations would continue trading if new grant funding streams were to be made available for them.

Box 6.4 A transition to the social enterprise model

“SE is becoming the business model of the future. Well, I think yes, I think they [ethnic minority voluntary and community organisations] are moving in that direction, mainly because years ago local authorities used to give grants to activist groups in order to include them in the political environment, but this is not happening anymore, so people are forced to look for alternatives ways in terms of achieving more for what would have been their charity or what would have been the money from the sources which they usually rely on. That is why they have to generate income to be sustainable” [BME Development Manager, I12].

“It is not that they [ethnic minority voluntary and community organisations] are choosing to form a social enterprise but that they have been forced in this particular direction” [Business Support Manager, I1].

Besides this, evidence indicates that this transition towards the social enterprise model has disproportionately affected ethnic minority VCOs that serve a particular community. This was clearly illustrated by the director of a social housing association in Greenwich that served Black African Caribbean young single people. As seen in Box 6.5, the director points out that their services were too specific as they were working with a single community (Black African Caribbeans); thus, they were compelled to think about their future in a more sustainable way through trading activities or broadening the base of their beneficiaries and services provided (such as from specialised to generic ones) to ensure they remained eligible for funding.

Box 6.5 Removal of grant funding to single group organisations

“We are not going to receive any more grants. There is a long process and it seems that the service we provide is probably too specific; they are looking for more generic services. The grant was taken away because we are focused on specific services and the government is interested on more generic services. We have already taken steps to get the organisation to become more secure funding in order to be more sustainable, we have increase our trading activities” [Director, CS9]

These findings demonstrate the importance of the changing policy framework; where grant-funding priorities are currently provided for ethnic minority organisations that promote interaction among people (see Section 2.3.4 for earlier discussion). A key informant corroborated this, as he pointed out: *“As lot of funders don’t look into money for single ethnicities, they look into bridging communities... they look into faith; how one faith community can learn about another faith, so interaction”* [Policy officer, I5].

As expected by government, changes have benefitted the emergence of ethnic minority social enterprises, as many VCOs that operate for a specific community have been compelled to operate under the social enterprise model. Yet, this change in policy framework can be seen as a ‘push’ factor that triggered the change of direction (Madichie and Read, 2008). Furthermore, the case studies revealed that although there was evidence that a considerable number of organisations had moved in the direction of social enterprise, these organisations did not in fact feel comfortable engaging with the notion of ‘social enterprise’, preferring the ethos and values of VCOs and charities. An example of this comes from the Director of a social enterprise that works with Asian disabled people in Tower Hamlets who stressed: *“We are service providers, we are not a social enterprise, well, we are a Registered Charity”* [Director, CS1]. Important also in assessing the nature of change was the organisations’ understanding of the term ‘social enterprise’. The interview results revealed that some case study organisations had a limited understanding of the term ‘social enterprise’ and exhibited a degree of confusion over what a social enterprise is or does. The first example is provided by the Coordinator of a health related social enterprise in Tower Hamlets that provided services for ethnic minority communities in the local area (see Box 6.6). The second example comes from the Director of a social housing association working with Black African Caribbean single young homeless in Greenwich. In the latter case, such was the confusion about the term that they even requested a definition of the term ‘social enterprise’ (see Box 6.6).

Box 6.6 Lack of understanding of SE

"I think I'd struggle to distinguish when a particular project crosses the line from being a charitable service to a social enterprise. It has always been a bit confusing to know about what the term social enterprise is because...you know... I've been managing a charity for many years and, actually, it looks like we are a social enterprise, well the Young Foundation did a profile of social action and describe the organisation as a social enterprise" [Coordinator, CS10].

"If you give me a definition of SE, I will be able to answer the question better because I haven't looked exactly what SE means or what it is" [Director, CS9].

The fact that a number of ethnic minority social enterprise organisations barely associated their trading activities with the social enterprise label illustrates that BME organisations in general tended to regard social enterprise as *"alien"* to the third sector. This view is evident more widely within mainstream third sector organisations (Sepulveda, 2009). In contrast, those organisations registered as Community Interest Company, Company Limited by Guarantee and Company Limited by Shares, demonstrated a better understanding of and felt more comfortable with the notion of being a social enterprise (see Tables 6.1 and 6.2).

6.3 Market opportunities and enterprise creation

One of the main findings in the survey was the diversity of local services provided by ethnic minority social enterprise activities in the East London Olympic Boroughs (see Chapter 5, Section 5.5 for further details). Empirical evidence reveals that latent local market opportunities were crucial for understanding the emergence of ethnic minority social entrepreneurial activities in the East London Olympic Boroughs. A consultant who worked in a national social enterprise support body typified this view by stating: *"It is about market opportunities in a particular area. If there are gaps in businesses, things such as unemployment, education, then there will always be opportunities to do something"* [SE Consultant, I11].

These opportunities for the emergence of social enterprises seem to be mainly related to gaps in existing welfare provision for the local community, particularly for ethnic minorities. In response to a question about the reasons why they decided to establish a social enterprise, entrepreneurs expressed their necessity to “*deliver services*” that mainstream welfare services overlooked. Certainly, the main gaps identified through the case study analysis were employment, work-related education and training, health, social care and housing services (see Tables 6.1 and 6.2). As observed in these tables, in several cases, organisations acted as multiservice providers as they were engaged in a number of different activities. Evidence also revealed that the type of activities that the enterprises were involved in varies depending on the organisations’ year of establishment. Whilst well-established organisations focused on health, social care and housing services, more recently established organisations (from year 2000 onwards) orientated their services to employment, work-related education and training activities (see Tables 6.1 and 6.2). This can be explained by the fact that gaps in welfare service provision have changed over the last years as it has the wider policy context.

6.3.1 Employment and work-related education and training activities

Fieldwork evidence showed that two thirds of organisations were engaged in providing employment and work-related education and training activities and highlighted the importance of providing these in their local area (see Tables 6.1 and 6.2). A typical case example that illustrates this is that of a catering social enterprise which was established in Greenwich in 2007, where the Founder, a South American woman, reported the need to provide employment to locals. This is not a surprising result; it was noted in Chapter 5 that the East London Olympic Boroughs are some of the most deprived areas in the UK and are characterised by suffering from high levels of unemployment (see Section 5.3). Furthermore, participant entrepreneurs identified ‘immigrants’, ‘women’ and ‘disabled’ people as their target groups whom they labelled as ‘disadvantaged communities’.

An example of one organisation that focused on ethnic minorities was that of a social enterprise in Tower Hamlets (Case 3) that provides education, training and work-related opportunities for London's immigrant communities. The founder, a Black African woman, described how her idea of setting up a social enterprise was inspired by the large number of immigrants that were working in low-skilled jobs. A second example comes from a childcare recruitment agency (Case 5) in Tower Hamlets that was established to help unemployed women in the local community. The Director, a Mediterranean woman, stressed that observing the high level of unemployment in the area, particularly for women, prompted her to create a social enterprise to tackle these problems. An additional case was that of a social enterprise organisation (Case 1) supporting the disability sector based in Tower Hamlets, where the Café Leader noted the need to establish a café in the area in order to provide jobs for their service users (Asian disabled people). The Café Leader asserted that this cafe has bestowed their disabled service users with opportunities to gain much needed training and employment experience, which they had previously lacked, and so found it extremely difficult to find a job (see Box 6.7)

Box 6.7 Training and employment opportunities for disabled people

"This idea came when I was looking for employment for our disabled service users. Some employers were not aware of disabled people and some of the employers were scared because they needed special facilities for these people and getting employment. This is difficult; some people cannot understand their needs; so I thought of doing something to help them. If I can create employment for them and they can learn the skills, and when they feel confident they can look outside for employment by themselves and you know from here they can get the experience, the skills and then they can work somewhere else. I support them closely and the money that comes in is distributed to them and they feel more encouraged working if they get money. If they work and get money, they work harder and see the benefits of it and in the future they will be more engaged and have more employment opportunities" [Cafe Leader, CS1].

Moreover, the key informants expressed the need to provide educational services to people from the local community to help resolve the underlying problems faced in their local area. This is clearly exemplified by a community group in Hackney that delivers education services

for young people by providing media and audio-visual related activities. The Director, a Black second generation female immigrant, recognised the lack of access to services for young people and the high crime environment in the London Borough of Hackney as the trigger for this venture (see Box 6.8).

Box 6.8 Educational activities for the local community

"I know there are a lot of issues with young people in Hackney... you know, they all get engaged in crime and all that stuff; you know, I was wondering why that is, and I thought about all the things that were around to do when I was young that just don't exist anymore; you know, all these sort of things, clubs, parks; then the question was what to do; what all the kids do is to hang out, there was nothing for them and I know media is something that drives society you know... so I thought ok I can set up something in Hackney that maybe of interest for youngsters"
[Director, CS6]

Another example is that of a food cooperative, set up in 2002 to provide fresh fruit and vegetables in the East London area. The Founder, a Black Caribbean male, labelled the area "a food desert" and claimed not only that it suffered from a lack of access to affordable fruit and vegetables, but also the lack of information about healthy food within the local community, particularly ethnic minority communities. Consequently, he argued that one of the activities of the food cooperative was to provide educational workshops about healthy food in East London. These examples further supports the idea that the high levels of unemployment and poor skills observed within the local community created a need for services, and that entrepreneurs saw these service gaps as a market opportunity for the setting up of organisations.

6.3.2 Health, social care and housing activities

Fieldwork evidence revealed that several ethnic minority social enterprises were focused on providing health, social care and housing services for ethnic minority communities (see Tables 6.1 and 6.2). Social entrepreneur participants expressed that their ethnic minority social enterprises emerged as a result of the demand-led needs of ethnic minorities, as

existing welfare provision did not deliver adequate services for these communities. They also recognised the problems that were linked to language and cultural difficulties in terms of how these excluded ethnic minorities from accessing mainstream health, social care and housing services. An example that illustrates this is from a social enterprise in Tower Hamlets that was set up to tackle health inequalities within ethnic minority communities. The interviewee explained, existing environmental services were failing to meet the needs of the local Bengali population and so the organisation was established as a result of a public inquiry which showed that ethnic minorities were seriously disadvantaged due to language barriers that prevented them from accessing mainstream services (see Box 6.9).

Box 6.9 Health inequalities within ethnic minorities

"The organisation arose out of an inquiry into health inequalities in East London which inquiry involved a lot of powerful and important people who looked at health in detail and what they found was that people who are living in the East [of the city] and whose first language wasn't English and were poor were seriously disadvantaged in terms of health and they were not easily accessing services. So one story is that there was a problem with rats in Whitechapel and the environmental officer said these people [Bengalis] don't mind rats and the enquiry said, 'Hang on a minute, nobody likes rats living in the house, so what you mean they don't mind rats?' and he said, 'Well they don't let us in,' said the Environmental Officer. A single White British man was going around without any ID to knock on the doors to say to somebody who has no English 'I want to come to your flat to put in a rat trap', so a lot of women didn't let him in. The first thing that the organisation did was to give the programme a different name. At that time it was called 'X' and since then it's become bigger and broader having been expanded to more than one borough. The first thing was to employ people who were aware of the environmental problems who spoke the same language as the people whose doors they knocked on and who were women; so they knocked on the doors and it would be a woman with the right language saying she wanted to come and put the rat trap in, please! 'Come in! We hate these rats!'" [Director, CS10]

There was also evidence of a social enterprise in Greenwich that was providing housing services within Black African Caribbean communities. The Director pointed out the need to provide specific services for young single people in the Black African Caribbean community, as they are not often able to access support services and have a higher risk of homelessness. He stressed: *"The organisation began life as a housing project in 1979 to identify the housing needs of young single homeless Black African/Caribbean youth and take*

steps to assist them with sorting out issues around homelessness. Our mission primarily is to offer housing to Black African Caribbeans, as they are the most deprived group in most local communities, particularly the young, single ones. Most Black people [with no fixed address] do not see themselves as homeless and that is the problem” [Director, CS9]. This can be explained partly by the fact that on the one hand there is a high proportion of Black African Caribbeans in Greenwich and on the other hand they often live in poor housing conditions (see Section 5.3 in Chapter 5 for further details).

6.4 Motivations

Findings from the fieldwork indicated that ethnic minority entrepreneurs had a variety of motives to establish social enterprises (see Tables 6.1 and 6.2). As an SE Consultant pointed out; *“They [ethnic minority entrepreneurs] have different motivations, some of those are faith based, some are driven by personal experience, some of them have a strong sense of community, some entrepreneurs find it difficult to enter the traditional business world, so they have mixed motivations” [Social Enterprise Consultant, I11].* These motivations can be divided into two groups; the first group refers to collectivist motivations that include entrepreneurs’ strong sense of community identity and altruistic values, and the second group relates to individualistic factors concerned with entrepreneurs’ own satisfaction, personal experience, the desire for self-fulfilment and the necessity to gain independence and power.

6.4.1 Collectivist factors

Altruistic values

There was evidence that entrepreneurs often established their social enterprises based on their altruistic values and moral ethics, adopting a personal approach to life based upon strong faith and family values (see Tables 6.1 and 6.2). When the researcher asked why they decided to set up a social enterprise, the respondents underlined their moral desire to help other people, even allowing for the fact that respondents may have (over) emphasised

‘doing good’ for the community. As observed in Tables 6.1 and 6.2, community-orientated and vocational ethical values were evident in most cases. Responses such as *“I set up the business to help local teenagers who were at risk of homelessness”* or *“I wanted to tackle health inequalities and help people here”* were common among ethnic minority entrepreneurs. As illustrated in Box 6.10, this view was also shared by key informants such as a Business Manager who worked in a mainstream social enterprise support body.

Box 6.10 Motivations driven by community orientated and vocational ethic values

“Typically the work that they [entrepreneurs] do has a very social objective. So it is not like I want to set up a coffee shop or I want to set up a clothes making business, it is more typical - I [an entrepreneur] want to set up a clothes making business but the reason why I want to do it is because there is high unemployment in my local area and I want to bring people in, so they can have more opportunities” **[Business Manager, 17].**

It was striking how entrepreneurs often embarked on their own “personal journeys” which determined the set of motivations they drew upon to launch their ventures. Entrepreneurs were often born into families where values and ethics were central and/or were articulated based on religious belief. Thus, the entrepreneurs adopted family and religious values as points of inspiration from which to develop their own personal motive and value systems. One example to illustrate this is provided by the Founder of a food cooperative in Newham who recognised how his decision to set up a social enterprise was motivated primarily by his faith and family values. He stressed; *“I founded the organisation after moving to the London Borough of Newham in 1998. The organisation was established to address issues about food poverty in the borough. I wanted to be a doer and not a sayer. The Christ in me motivated me. My sisters who are also very religious encouraged me and helped me”* **[Founder, CS4].**

Strong sense of community identity

Case study findings revealed that having a common identity in terms of locality, religion, race and nationality was a typical reason that motivated entrepreneurs to set up social enterprises aiming to benefit those from the same community. An important point that emerged from the interviewees was that ethnic minority entrepreneurs had a strong attachment to their local area. Within the vast majority of organisations, the entrepreneurs reported having been motivated to set up their social enterprises by the need to improve the conditions and meet the needs of their local communities (see Tables 6.1 and 6.2).

In most cases, the entrepreneurs grew up and were living or working in the area when they decided to establish their social enterprises and targeted their services to that particular location. An illustrative example is provided by a Mediterranean woman who established a childcare recruitment agency in Tower Hamlets in 2005 who stated that she was familiar with the needs of her local community. She pointed out: *“You know, I have been living in this borough for more than ten years. Also, I work here. You know, I used to work in another organisation helping the local community; I know what the problems in this borough are. I realised from the other organisation that there was a need to create jobs in the area”* [Founder, CS5].

There was also evidence of ethnic minority entrepreneurs who were driven to set up a social enterprise by a sense of belonging to a specific group in terms of faith, race or nationality and the need to nurture their collective identity to meet the needs of their community (see Tables 6.1 and 6.2). The example below is of a social enterprise that was established in Tower Hamlets in 2007 as an umbrella group of ten local Muslim women’s organisations (see Case 2 in Box 6.11). Another example is from a housing association, which was established in Greenwich in 1996 by a group of Black African Caribbeans to assist single homeless people aged 18-25 from their own community (see Case 9 in Box 6.11).

Box 6.11 Motivations driven by a strong sense of community identity

“The reason why we established the organisation was to ensure collaborative working and to ensure that as many Muslim women organisations could survive the harshening economic climate” [Board member, CS2].

“The organisation was established by locals, all of whom were Black African Caribbeans, to offer housing to homeless teenagers from a Black African Caribbean background. We anticipated that they would be the most deprived in most communities, particularly the young single ones... we support them as much as we can” [Director, CS9].

6.4.2 Individualistic factors

Personal experience

There was also evidence of entrepreneurs who established a social enterprise to respond to very personal experiences. For instance, the Founder of a community group that opened in Hackney in 2004 to deliver training opportunities for young local people argued how she decided to establish a social enterprise because she was motivated by the fact that she grew up in a deprived area and this personal experience sparked her desire to take action. As she pointed out: *“When I came back to the UK, well I went to the United States for a while; I didn’t know what I was going to do. They killed a neighbour close to my mum’s house, and I started realising that things that were around when I was young there weren’t any more and that young people were involved in crime; that is how all started” [Founder, CS6].*

Independence and control

Other entrepreneurs decided to set up a social enterprise because they were motivated by the need to gain independence and control. An example of this is a British Asian male who worked as an Area Housing Manager before establishing a social enterprise that delivers social housing courses in Tower Hamlets. As observed in Box 6.12, he pointed out that he used to earn more money in his previous jobs, but was not fully satisfied and, thus, decided to set up his own organisation.

Box 6.12 Motivations driven by entrepreneurs' desire to gain independence and control

"I wanted to have professional and financial independence, flexibility and control of my destiny. You know... I worked for ten years in social housing in a range of roles from frontline Housing Officer through to Area Manager. I did a lot of training and recruitment courses within organisations and, you know, social housing courses focused too much on the theoretical side and housing requires core communication, common sense; so I decided to set up my own company in 2007. By that time, I was in a full time permanent job as an Area Housing Manager. I was on £43K per year at the time of leaving to set up this company" [Founder, CS7].

Self-fulfilment

The findings suggest that in a number of cases, entrepreneurs were motivated by personal self-fulfilment rather than by their lack of opportunities in the labour market or any other push factor. An example of an entrepreneur who was motivated by a desire for self-fulfilment is a Black British woman who worked as a scientist before opening a community group in Hackney. The founder decided to resign from her previous job to set up a media-related social enterprise. She pointed out: *"My background is well... I am a scientist. I've got a background in biology. I spent a few years in there but, having said that, I have always being interested in media"* [Founder, CS6].

As can be observed in Tables 6.1 and 6.2, overall ethnic minority entrepreneurs in the case study organisations had high levels of skills and previous work experience in the labour market. In one case, a South American woman (Case 8) was unemployed at the time of start-up, but no mention was made of the need to set up a social business due to her lack of opportunities in the labour market. As illustrated in Box 6.13, there were, however, different views among key informants from ethnic minority support bodies of the importance of this factor in other cases.

Box 6.13 Motivated by entrepreneurs' lack of opportunities in the labour market

"A lot of BME communities have wanted to go into a business venture. They are prepared to take that risk because they face being unemployed, and having nothing; so you already face other barriers anyway, of exclusion, inequality; so now if you have the opportunity and at the same time fill the gap within the same community, that has been one of the driving forces for people to establish or start a social enterprise" [Head of Sustainability, I10].

"There are barriers in terms of accessing employment and there are people from BME background that are actually forced to look at social enterprises as an economic option for themselves" [BME Development Manager, I12].

6.5 Conclusions

This chapter has provided original evidence about the emergence of ethnic minority social entrepreneurial activities. It was notable from the findings that prospects for and the nature of the emergence of ethnic minority social enterprise activity is greatly affected by contextual factors. In fact, ethnic minority entrepreneurs' decisions to establish social enterprise activities were closely related to the context in which they were embedded. Evidence reveals that the role of both market and state strongly influenced the emergence of ethnic minority social enterprise activities.

The findings demonstrate that in particular the role of the state has been crucial for the emergence of ethnic minority social entrepreneurial activities in the East London Olympic Boroughs. On the one hand, the New Labour Government's support for social enterprises and ethnic minority organisational activities since the 1990s providing financial and business support aided their formation (Grenier, 2009). On the other hand, evidence indicates that the shift away from grant funding has compelled many existing ethnic minority voluntary and community organisations to move towards the social enterprise model that started under New Labour and continue with the Coalition Government which has intensified this shift (Madichie and Read, 2008; Di Domenico *et al.*, 2009; Social Enterprise UK, 2011).

Interestingly, although this evidence indicates that a considerable number of BME VCOs had moved towards the social enterprise model, these organisations often did not identify themselves as “*social enterprises*”. This reflects the fact that such organisations understood their shift towards trading activities as part of the long-standing process of marketisation of the third sector (Weisbrod, 1998) and, therefore, as part of a largely third sector transition process. This transition has particularly affected ethnic minority voluntary and community organisations that work with ‘*single*’ minority communities. The policy shift from ‘multiculturalism’ to an ‘integrationist’ approach (Afridi and Warmington, 2009) has compelled existing ethnic minority voluntary and community organisations that operate with specific communities to move towards social enterprise forms to keep their activities running because statutory grant funding opportunities have dried up.

Moreover, ethnic minority social enterprises emerged as a result of the particular socio-economic conditions that deprived local communities faced, particularly ethnic minority groups in the Five London Olympic Boroughs. Ethnic minority entrepreneurs perceived the creation of social enterprise activities as an opportunity to cover service gaps that were not provided by existing statutory welfare services (Peattie and Morley, 2008). The findings also revealed the importance of the ethnic minority entrepreneurs’ motivations in the emergence of ethnic minority social enterprise activities. These entrepreneurs seemed to have a powerful sense of their own agency and were driven by a combination of motives when establishing their social enterprises (Spear, 2006; Humbert, 2012). These motives include both collectivist (having a strong identity, sharing a common faith, race, nationality and locality or/and altruistic values) and individualistic motivational factors (personal experience, a desire for self-fulfilment and the necessity to gain independence and control). There was no strong evidence of entrepreneurs choosing the social enterprise sector due to limited labour opportunities, as most of them were highly skilled individuals that had previous experience often in white-collar jobs in the labour market.

This is particularly interesting, as these results are different from previous studies on ethnic

minority entrepreneurship which suggest that ethnic minority entrepreneurs are driven primarily by their lack of opportunities in the labour market (Baycan-Levent, and Nijkamp, 2009).

Chapter 6 has provided some insights into the factors that facilitate the emergence of ethnic minority social enterprise activities. As the case study organisations studied had all been successful in setting up as social enterprise forms, it was not possible to investigate in this analysis factors impeding ethnic minority social enterprises emergence. Moreover, there are some gaps that required further investigation concerning the factors that facilitate or impede the *development* of ethnic minority social enterprise activities as opposed to simply their emergence. Therefore, the following chapter (7) presents findings related to the development path of ethnic minority social enterprise activities in the East London Olympic Boroughs.

CHAPTER 7

FACTORS DRIVING AND CONSTRAINING ETHNIC MINORITY SOCIAL ENTERPRISE ACTIVITY DEVELOPMENT

7.1 Introduction

Chapter 7 presents findings concerning the factors that drive and constrain the development of ethnic minority social enterprise activities in the five East London Olympic Boroughs. Based on the evidence from the case studies, three key factors related to accessing resources were identified as driving and constraining the development of ethnic minority social enterprise activities. The first factor concerns the ability of ethnic minority social enterprises to access finance. The second factor is related to access to networks and explains how organisations interact with wider communities and organisation as well as the significance of institutional support. Finally, the third factor pertains to human resources and workforce within the ethnic minority social enterprises. These findings were identified through the use of content analysis underlined in Section 4.4 (see Table 4.5 for further details) based upon the in-depth study of ten ethnic minority social enterprises and complemented with semi-structured interviews. Tables 7.1 and 7.2 provides a summary of the development path of organisations including information on: 1) each case study organisation's start-up and growth financial resources; 2) access to networks including business support and advice and external relationships with local authorities and other third sector and social enterprises; as well as 3) their human capital resources in terms of the number of employees and managerial and staff skills in each organisation.

Table 7.1 Development path of ethnic minority social enterprises selected for the case study (Cases 1 to 5)								
Cases	SE profile	Finance		Networks			Human capital	
		Start-up	Growth	Business Support	Institutional Support	External Relations	Employees	Staff & Management Skills
1	1984, Tower Hamlets RC and CLG	(100%) Grants from Tower Hamlets LA & Trust for London	(95%) contracts & (5%) grants with Tower Hamlets LA	CENVO	Tower Hamlets support (funding, contracts & free premise)	Informal relationships with TS & SES	28 full time 100 casual workers & volunteers 10 board members	Manager & board members (high experience in TSOs) High level of staff training (NVQ 2,3,4)
2	2007, Tower Hamlets CIC	(95%) Contracts from Tower Hamlets LA & (5%) Prevent Fund	100% contracts with Tower Hamlets LA	BTEG, ELBP, ELBC, OLMEC, TH College, Red Ochre	Tower Hamlets support (funding, contracts & free premise).	Informal & Formal relationships TS & SES	1 full time 200 part time & 4 board members 400 volunteers	Business manager (highly skilled) Board members (high experience TSOs) Low level of staff training
3	2001, Tower Hamlets CLG	(30%) Grants from Unlimited & (70%) Personal funds	(50%) Personal funds & (50%) contracts with TS & SE	Unlimited, ELBC & SEL	Non-existent relationship with LA	Informal & Formal relationships TS & SES	1 full time and 4 board members (all volunteers)	Manager (highly skilled) Board members (high experience) Low level of staff training
4	2002, Newham RC and CLG	(50%) Grants from Newham LA & (50%) personal funds	(100%) Contracts with public, third & private sector	GK partners and SEL	No Newham support. Support Tower Hamlets (contracts)	Informal relationships TS & SES	20 full time and 4 board members	Manager (high education & finance experience) Boards (not experience local people). Staff Awards
5	2005, Tower Hamlets CIC	(30%) Grants & (70%) Loan from Adventure Capital	(100%) Contracts with public, third & private sector	ELBP, SEL & Business Link	Non-existent relationship with LA	Informal relationships TS & SES	3 full time 1 part time 4 board members	Manager high experience TSOs) Board members (skilled experienced)) Low level of training

*LA Local Authority *TS & SE third sector & social enterprise *RC Registered Charity *CLG Company Limited by Guarantee *CLS Company Limited by Shares*IPS Industrial Provident Society

Table 7.2 Development path of ethnic minority social enterprises selected for the case study (Cases 6 to 10)								
Cases	SE profile	Finance		Networks			Human capital	
		Start-up	Growth	Business Support	Institutional Support	External Relations	Employees	Staff & Management Skills
6	2004, Hackney Community group	(90%) Grants from Hackney LA & (10%) the Big Lottery	(80%) contracts Hackney LA & (20%) contracts with schools & private institutions	CLR, SEL & HCVS	Strong support from Hackney LA (contracts)	Informal relationships TS & SEs	1 full time 2 part time and 4 board members	Manager (high education) Board (mixed skilled) Staff Awards
7	2008, Tower Hamlets CLS	(50%) Grants New Deal for Communities & European Social Fund (50%) savings	(20%) Grants from European Social Fund & (80%) fee courses	Business Link, ELBC & SEL	No relationship with Tower Hamlets LA	Informal relationships TS & SEs	1 full time 1 part time	Manager (high experience in social housing) High level of staff training (Certificate to Teach)
8	2008, Greenwich CLG	(80%) Grants from Greenwich LA & Greenwich Community Development Agency (20%) Personal funds	(100%) contracts private, public & TS (regeneration agencies, housing authorities)	OLMEC, SEL, SSE, GCDA & Business Link	Strong support from Greenwich LA (contracts)	Informal relationships TS & SEs	1 full time 1 part time, 3 volunteers & 4 board members	Manager (education but not experience) Board members (locals with no experience) Low level of training
9	1995, Greenwich RC and IPS	(50%) Grants from Government (50%) Renting properties	(100%) Renting properties	GAVS & Mentor from another Housing Association	Strong support from Greenwich LA (premises)	Informal relationships TS & SEs	3 full time 2 volunteers 4 board members	Manager (highly experience & education) Board members (monitoring skills) Low level of training
10	1996, Tower Hamlets RC and CLG	(100%) Grants from Tower Hamlets LA.	(10%) Grants & (90%) contracts with Tower Hamlets LA & the National Health Service	Mentors from TSOs and board members	Tower Hamlets and Hackney support (contracts, grants premises)	Informal & Formal relationships TS & SEs	10 full time 30 part time 100 seasonal 20 volunteers & 10 board members	Manager (high experience & education) Board (community experts) High level of staff training

*LA Local Authority *TS &SE third sector & social enterprise *RC Registered Charity *CLG Company Limited by Guarantee *CLS Company Limited by Shares*IPS Industrial Provident Society

7.2 Access to finance

An important factor that emerged from the findings concerns the ability of ethnic minority social enterprises to access finance. Evidence revealed that grant funding sources are a more common feature of the start-up period rather than for development later on, although in some cases organisations complemented this with the leading social entrepreneurs using their personal savings. The findings also demonstrated that selected ethnic minority social enterprises did *not* use financial credit or loans to start-up and develop their business. Access to finance during the development period⁴³ was perceived as being the main problem faced by organisations once grant funding was reduced; thus, they were forced on increasing their earned income activities (usually through trading). This will be explained further in the following sections.

7.2.1 Ability to access grant funding

All organisations selected for the case study accessed grant funding support in their early years from a wide range of bodies. These included local authorities (such as Tower Hamlets Council); local support bodies (such as Greenwich Cooperative Development Agency); regional support bodies (such as the Trust for London), national funding bodies (such as the Big Lottery, Adventure Capital and the New Deal for Communities Fund); and European funding bodies (such as the European Social Fund) (see Tables 7.1 and 7.2). This is particularly interesting as it is often suggested that ethnic minority organisations and social enterprises have problems in accessing grant funding support when they start-up their businesses (Perrini and Marino, 2006; Mayblin and Soteri-Proctor, 2011). This can be linked to findings presented earlier in Chapter 6, which showed high levels of institutional support (provision of financial resources) for the emergence of ethnic minority social enterprises (see Section 6.2.1). Evidence revealed that case study organisations had more access to grant funding support during the start-up period rather than at the growth stage. As indicated by

⁴³ This thesis examines the lifecycle of organisations by looking at their start-up and growth/development stages (Mueller, 1972).

the evidence, at the time that the interviews were conducted (between August 2010 and June 2011), less than half of the enterprises in the research were still receiving funding grants. In fact, as Tables 7.1 and 7.2 illustrate, in all cases, funding grant income had been reduced significantly over the years. There was no evidence of organisations having difficulties with preparing funding bids. However, a number of organisations reported having experienced a “*difficult*” period during the growth stage and saw the reduction of grant funding resources available as one of their main problems to overcome. Respondents also stressed the need to increase their earned income activities to have an opportunity for longer term planning. The Director of a social enterprise pointed out: “*We used to receive more grant funding in the past; it has been reduced significantly in recent years, so we have increased our trading activities*” [Director, CS4]. This can be related to the UK’s changing political framework regarding the reduction of traditional public funding sources for VCO and social enterprises that has taken place in recent years, as explained in Section 2.2.3 of Chapter 2 (Di Domenico *et al.*, 2009; Madichie and Read, 2008).

Most case study enterprises shifted to contracted opportunities with public, third and private sector bodies. These included local authorities, the National Health Service, colleges, housing authorities, regeneration agencies, voluntary and community organisations and other social enterprises (see ‘Growth stage’ in Tables 7.1 and Table 7.2). Although the findings demonstrate that most of the ethnic minority social enterprises analysed had successfully increased their earned income activities through contracted opportunities, in most cases these were only small contracts with local authorities and statutory bodies. However, only limited opportunities existed for securing large contracts among case study organisations. This trend was clearly identified within the failure to take advantage of the procurement opportunities presented by the London 2012 Games (see Section 5.4 in Chapter 5). This may be explained by the fact that ethnic minority social enterprises often lacked the capacity to compete with large mainstream (White British) organisations (which were the ones that managed existing contracts) including social enterprises, leaving little

space for small-sized ethnic minority organisations.

7.2.2 Use of personal finance

Less than half of entrepreneurs used their personal savings to start-up their businesses (see Tables 7.1 and 7.2). Those entrepreneurs who did so stressed that they combined personal savings with obtaining grant-funding support and that this was critical to start and keep their business operating during the initial first years. Case 7 is indicative of this, where the Founder, a British Asian male, set up a social enterprise in Tower Hamlets combining personal savings and grant funding (see Case 7 in Box 7.2).

Box 7.1 Use of personal finance

"I got the money to set up the company from the compensation which I secured having successfully fought my previous employers and secured a compromise agreement for an employment dispute, but well, I also received a grant from the European Social Fund and New Deal for Communities" [Director, CS7].

"I had to use my own personal funds to set up the project and on my sisters who support me. The money came from my own pocket but I've got it back selling the product at cost to residents, many of them of whom are lone parents" [Director, CS4].

An important point here is that those organisations led by entrepreneurs who used their personal savings to develop their business tended to be more recently established organisations (see Tables 7.1 and 7.2). An explanation for this pattern appears to stem from the fact that these organisations were established within the context of public funding cuts following the 2008 economic downturn when less public funding money was available for such purposes (Bray, 2008). To a lesser extent, evidence also reveals that organisations sometimes used finance from other *"informal"* sources and social networks including friends and relatives. This is illustrated in Case 4, with the Founder of a food co-operative in Newham (see Case 4 in Box 7.1). These findings are of interest as existing literature on social entrepreneurship indicates that social entrepreneurs rarely invest or risk personal finance in their ventures (Shaw and Carter, 2007). Nevertheless, this is clearly not the case

for a considerable number of ethnic minority social enterprises that were selected for the case study. The use of personal savings has however been commonly observed in the ethnic minority business literature (Worthington *et al.*, 2006).

7.2.3 Limited use of financial credit

An important theme that emerged from the interviews was the fact that ethnic minority social enterprises did *not* use financial credit to develop their business. An exception is observed in Case 5, a childcare social enterprise based in Tower Hamlets that combined both a £30K grant and a £70K loan from Adventure Capital (a government credit scheme) to keep their business up and running (see Tables 7.1 and 7.2).

It must also be stressed that none of the case study enterprises secured loans from banks. Yet, at the same time none of these entrepreneurs reported being rejected for loan applications from banks. An important question arose therefore as to why ethnic minority social enterprises did not request loan finance in the first place.

The interviewees indicated three main reasons for not requesting bank loans. The first was related to their perceptions of institutional racism. The following examples illustrate this. In the first example, the Founder (a Black Caribbean male) of a food co-operative that was set up in 2002 in Newham reports a lack of confidence in approaching the banks (see Case 4 in Box 7.2). A second example comes from a key informant, a White male, who worked for a business support body and who considered that ethnic minorities were less likely to *receive* financial credit from banks. As reflected in Box 7.2, both respondents perceived ethnic minorities as being excluded, and often discriminated against by mainstream financial institutions, notably banks.

Box 7.2 Perceived institutional racism among respondents

“As a Black person, you tend to feel that people [that work in banks] are reluctant to lend you money because they don’t know what type of responses they are going to get back” [Founder, CS4].

“The banks simply deny they are not lending money to Blacks and I think that is the actual case. I think it is that a lot of banks have predominantly if not exclusively white middle class people operating there and this may affect Black and ethnic enterprises. Obviously, some criminal organisations have been run by them [BMEs] and they [banks] think that it is risky to lend them [BMEs] money, and it is not only the banking example; a classical example is insurance companies in which they are run by middle class whites and you know they don’t trust them [BMEs]” [Games Programme Manager, I16].

The second reason for not accessing financial credit was related to the amount of time that the application process often entails. This was clearly illustrated by the Founder of a catering cooperative that was set up in 2008 in Greenwich who pointed out: *“We self-sustained ourselves rather than went to take money from somewhere, even if it was a small loan, and the reason why I saw it like this was because it was going to be too long for me to get the money and that it was quicker to do it in this way because I didn’t owe anybody anything” [Founder, CS8].* This reflects that ethnic minority entrepreneurs are reluctant to take out interest-bearing loans to accelerate the process of setting up the SE organisation. The third reason identified was related to the cultural practices of specific ethnic minority communities. A key informant who worked providing advice and support to business explained this: *“I think it is the case that some ethnic minorities may think or have issues with a certain kind of aspect. For example, Muslims, they have a particular view about finance; for them it is difficult to obtain finance to start up business due to the Islamic banking codes” [CEO London Business Network, I9].* This example illustrates how, in some cases, cultural values may restrict ethnic minorities from accessing credit (Worthington, 2006).

7.3 Access to networks

Access to relevant networks was another factor that was identified as influencing organisations' development. Evidence revealed the importance of organisations' ability to interact with wider communities and other social enterprises and third sector organisations and the significance of institutional support and business advice and support for ethnic minority social enterprise development.

7.3.1 Relationships with wider communities

Interviews demonstrated that although most organisations began by interacting mainly with co-ethnics, they then expanded the provision of their services by interacting with groups, particularly in the growth stage. This was clearly the case of a social enterprise in Tower Hamlets that was established by a group of Bangladeshis to improve social care services within the Bangladeshi community. The organisation started providing social care support for Asian disabled people; however, over time they actively broadened the base of their organisation's beneficiaries. As the Director of the social enterprise stated: *"At the beginning we provided services for the Asian community, but now we have expanded our services to different communities, we have people coming here from different countries, mainly Bangladeshis and Somalis, but we don't refuse anybody"* [Director, CS1]. This corroborates research carried out by Evans and Syrett (2007) in London that suggests that social enterprises are often established out of the bonded social networks with people from the same community; then, however they need to develop *"bridging"* social capital with wider communities to develop and grow.

Organisations expressed that the expansion of their services to wider communities was mainly due to socio-economic and demographic changes in the East London area and the subsequent change in demand in such services. An example of this is provided by a social enterprise in Tower Hamlets that was established to tackle health inequalities within the Bangladeshi community in Whitechapel. The Director pointed out that in practice, although

the organisation started working with the Bangladeshi community, they moved on to work with different communities in the local area in response to the increasing demand for the services offered by the organisation beyond this community. Evidence also indicated that organisations generated social capital by bringing together communities and contributing to the interaction among different ethnic minority communities (see Case 10 in Box 7.3). The findings suggested that those organisations that have shifted from providing services for a single community to broader society have been able to move beyond and develop their social enterprises more successfully than those that did not. Another example is of a social enterprise in Tower Hamlets that started providing services for Muslim women, primarily from a Bangladeshi background and then moved to offer services to other groups due to the arrival of new communities in the borough (see Case 2 in Box 7.3).

Box 7.3 Market demand to expand to wider communities

“The organisation was established as a result of an inquiry into health inequalities within the Bangladeshi people in Tower Hamlets. But, we currently work with people from different communities. We have Somalis, Kurdish, Turkish, Arabic, White English, Polish. The population in the borough has changed in recent years; there is a high proportion of Polish people in the area, that is why we have started working with them. We have organised events in the local area and everyone from the community has attended, kids, adults, the elderly from different communities, from Bangladeshi people to Eastern Europeans, they interacted with each other” [Director, CS10].

“In the last couple of years, the ethnicity of residents [in Tower Hamlets] has changed, a lot of Eastern Europeans have moved to the area, so it is a lot of work with these groups” [Business Manager, CS2].

An exception was found in Case 9, a social housing association that was formed to provide services for young single Black African Caribbeans (18-25 years old) who are at risk of homelessness in Greenwich and which did not expand their services beyond this target group. The Director stressed that the organisations decision to restrict its activities to supporting a particular community has reduced its grant funding opportunities. He reported the need to increase their earned income strategies rather than expand their services to wider communities, pointing out: *“We don’t have any more grants; we used to receive a grant*

from the government but this has gone now. You know... because we are only focused on a particular community [Black African Caribbeans], so we need to think about other ways to sustain the organisation. I am now discussing this with my mentor to see how we can increase our trading activities” [Director, CS9]. These findings can be associated with the move away from multiculturalism by the New Labour in the late 1990s and continued by the Coalition Government, and the shift towards integrationist policies which include, among other measures, the reduction in funding opportunities to organisations that focused on “single” groups and the increased opportunities for organisations that provide services to wider communities (Reitz *et al.*, 2009).

7.3.2 Network links

Taking advantage of a variety of networks links with third sector and social enterprise organisations was identified in all case study organisations as important, primarily at a local level. Certainly, informal relationships by way of peer support through networking events that were organised by local and regional bodies (for example, Social Enterprise London and East London Business Centre) were frequent among the ethnic minority social enterprises studied. The rationale given by respondents (who were typically either managers, directors or board members) for networking with other third sector and social enterprises was that they bestowed the benefits to the social enterprise in terms of accessing resources and information.

The Manager of a social enterprise in Greenwich provided an example, as she pointed out: *“I usually attend events provided by the Social Enterprise London and East London Business Centre to meet other social entrepreneurs. Well, we have a good relationship with several organisations. We tend to capitalise on each other’s capabilities for example ‘X’ [an organisation], when they have students or partner organisations that fall into our strands, they link to us; we do the same with them; we help each other” [Manager, CS8].* Nevertheless, several respondents reported having little time to devote to peer networking

which excluded them from possibilities for establishing formal relationships. In fact, only in a minority of cases (Cases 2, 3 and 10); had network connections developed into more formal relationships such as developing partnerships (see Tables 7.1 and 7.2). The Box below provides examples to illustrate this.

Box 7.4 Formal relationships with other organisations

"We have contracts with twelve third sector organisations in the area, we have a consortium to deliver services with them; it has worked for several years already" [Director, CS10].

"We worked in a programme with another well-established social enterprise and the London Civic Forum offering residential and weekly support sessions for 48 unemployed Tower Hamlets residents" [Director, CS3].

7.3.3 Access to institutional support

There was evidence that strong support from local institutions was fundamental for the development of ethnic minority social enterprises (see Tables 7.1 and 7.2). According to several participants, the manner in which local authorities approached the ethnic minority social enterprises in the study influenced their development outcomes. The most active and better-established organisations frequently relied on a strong and supportive relationship with the local authority. Close relationships with local authorities provided organisations with greater access to grant funding and other advantages such as free premises and contract opportunities (see Box 7.5).

Box 7.5 Examples of organisations that had close relationships with local authorities

"We have good working relationships with both Hackney and Tower Hamlets councils at different levels of seniority and with councillors, also with a number of faith leaders. This has benefitted our organisation a lot in terms of accessing funding and contract opportunities" [Director, CS10].

"Really strong, very, very supportive [emphasised this]. We got a lot of support from them [Tower Hamlets local authority]; we are based in one of their offices. Well, they actually want to see that the organisation succeeds" [Business manager, CS2].

In a number of cases, organisations acquired physical resource facilities such as free premises which, in the respondents view, had a positive impact on their organisations' financial sustainability ⁴⁴. However, in most cases, grant funding and contracting arrangements within local authorities accounted for between 50% and 100% of the enterprises total income (see Tables 7.1 and 7.2). This demonstrated the importance of the local authority for the development of the organisations in the research. Those that had the ability to access local authority grant funding and contract opportunities were overall better established than those that did not. In turn, those organisations that were undergoing financial problems were precisely those that had lost their grant funding and contracted services from local authorities and which had not managed to secure further contracts from them (see Cases 3, 8 and 9 in Tables 7.1 and 7.2).

Several participants stressed that the Government's reduction in public spending had limited their contract opportunities. An indication of this is observed in Case 10, as the Director of a health-related social enterprise in Tower Hamlets reported how the public spending cuts have negatively affected the organisation because the services that they used to contract for the local council have been significantly reduced (see Box 7.6). Another example comes from Case 5, a childcare social enterprise that provided employment for local women in Tower Hamlets. The Director, a Mediterranean woman, commented that as local authorities in the East London area had reduced their childcare services recently, their contracted services had been diminished (see Box 7.6).

⁴⁴ It must be highlighted that local authorities were not the only bodies to provide SE organisations with physical resource facilities. An example of this is the resources (e.g. funding and free premises) that Tate & Lyle, a British-based multinational agribusiness established in 1921, provides each year to more than 200 organisations including established charities and start-up community organisations (see The Local Food Consultants report, 2012 for further details).

Box 7.6 Reduction of public contracts

“These changes [spending cuts] have affected us a lot. The council [Tower Hamlets] has reduced our contracted services in recent years because of the cuts. We are working very hard to look at sustainability without relying on the council’s grants and contracts” [Director, CS10].

“We are struggling now with the cuts. Our contracts within the local authority have been reduced, we are struggling to survive” [Director, CS5].

Differences between local authorities’ governance practices in terms of the support they provided for ethnic minority social enterprises were also evident. The role of the local authorities in supporting ethnic minority social enterprises studied varied substantially between the Five Boroughs. While in the London Borough of Newham, the local authority was widely criticised for its lack of backing for ethnic minority third sector and social enterprises, Tower Hamlets was recognised as a stronger supporter. For instance, the case of the Director of a food cooperative in Newham demonstrates this, as he stressed: *“We don’t have a good relationship with Newham council; they ignore us, so this is one of our main problems. It is easier for us to go to Tower Hamlets and deliver services to them. So, that is what we are doing... but this is because of the climate we have in Newham. We have tried to have a good relationship with them [Local Authority], but like most people here if you are not a Labour supporter in Newham, you have nothing coming” [Director, CS4].* Although these findings indicate the divergence of local institutional support within ethnic minority social enterprises in the East London Olympic Boroughs, the small sample (ten case study organisations) did not allow collecting sufficient evidence to analyse the different levels of support within particular ethnic minority communities such as the different levels of local government and support infrastructure within Asian and Black Caribbean communities (see Section 5.7).

7.3.4 Access to business advice and support

Findings from the fieldwork indicate that all case study enterprises received business advice and support from a wide range of bodies both in the early and later stages of their

development. The support bodies mentioned by respondents were: national business support bodies (Business Link, GK partners and CLR Consultancy Training); national business support bodies (the School of Social Entrepreneurs, Unlimited, Red Ochre); regional business support bodies (Social Enterprise London, the East London Business Place and the East London Business Centre); local third sector support bodies (the Hackney Community Voluntary Sector, the Greenwich Cooperative Development Agency; Tower Hamlets College); and BME support bodies (OLMEC, Black and Training Enterprise Group and Council of Ethnic Minority and Voluntary Organisations).

As observed in Tables 7.1 and 7.2, organisations often use a combination of specialist support from local agencies and generic support from mainstream services. However, the most frequent support received from regional and local business support bodies among case study enterprises was principally from Social Enterprise London (6 cases) and the East London Business Centre (3 cases). Although respondents stressed the importance of business advice support services for the development of their businesses, they asserted that there were, however, different forms of support received from local, regional and mainstream providers. As clearly illustrated in Box 7.7, most respondents received ‘soft’ support from national providers (for example, Unlimited, CLR training consultancy and Business Link) which provided organisations with relevant information and introduced them to useful links and referrals.

Box 7.7 ‘Soft’ support from mainstream bodies

“We have received great support from CLR training consultancy. They have helped us a lot, providing us with a lot of information and links” [Director, CS6].

“Unlimited was very useful in providing support; they helped us to contact the largest organisations, for example, the one that helps us with marketing, I have been able to attend some of their workshops and they have been very useful” [Director, CS3].

Within the very small number of organisations that had approached Business Link, there was considerable criticism of the services offered (see Tables 7.1 and 7.2). These included the unsuitability of the services available to ethnic minority needs, the complexities and bureaucracy involved and a distrust of mainstream infrastructure as result of perceived institutional racism and discrimination. An example is provided by the Manager of a social enterprise who pointed out: *"I never got anything positive from Business Link; they always send me to places where I have to pay a lot of money [for services requested]; they don't understand that we are a small organisation"* [Manager, CS8]. Moreover, as illustrated in Box 7.8, a BME third sector officer also reported to have experienced how ethnic minority social enterprises have difficulties in accessing business support from Business Link. These findings reflect both the poor provision of mainstream services for social enterprise support generally (Hines, 2006) and that ethnic minority organisations frequently demonstrate a low level of participation in such services (Ram and Jones, 2008).

Box 7.8 Limited support from Business Link

"They are playing a small role... We got fortunate last year in two of the working events. I was able to link with two social enterprises advisors from Business Link who were able to come along to these events so that BME social enterprises could engage directly with them. But we have had feedback from ethnic minority social enterprises and they said that they have found it very difficult to engage with Business Link. I was trying to kind of mediate between Business Link and a social enterprise. Well, I was in the middle. If Business Link didn't respond then the client came back to me. "Business Link is not responding. They gave me the information that they needed and then I have to go back to Business Link. This person is not very happy; please make sure that happens tatatata". So, it is about trying to find a way of managing that relationship. Almost like a break up between Business Link and clients, um... it needs to improve and I think with the movement of SE growing, there is going to be much more need for development and opportunities" [Head of Sustainability, I10].

The fieldwork evidence also demonstrates that most organisations received 'concrete' forms of support from local support agencies to build the capacity of ethnic minority social enterprises. Respondents reported that local and regional support providers, such as the East London Business Centre and East London Business Place, delivered specialised training and consultancy services to improve organisational capacity. As in Box 7.9, the main

technical support skills mentioned among case study organisations related to help to produce a business plan, improve marketing, increase their sources of income and write funding and contract applications.

Box 7.9 'Concrete' support from local/regional bodies

"I started working with East London Small Business Centre; they were very useful helping me with a business plan and also with funding applications and marketing courses" [Director, CS7].

"We work mainly with East London Business Place because they are so supportive; they do workshops where we can interact with other businesses within the borough and the council got involved, so in this way we are getting advice about how to get contracts to be more sustainable" [Director, CS5].

In terms of receiving support from specialised BME services, three organisations (see Cases 1, 2 and 8) described having accessed services from bodies that work with ethnic minority communities. Interestingly, although these organisations refer to BME support bodies as offering particular good services, none of them mentioned the necessity of delivering specialised training and support in a culturally sensitive way for ethnic minority entrepreneurs (see Box 7.10). This finding is particularly interesting as it has been claimed that BME support bodies often provide specific support to ethnic minority organisations, as they best understand their needs (for example, culture and language barriers) (Ram and Smallbone, 2001).

Box 7.10 Specialised services for ethnic minority groups

"We have always received support from CEMVO. For example, to get our quality mark; they helped us a lot" [Director, CS1].

"We have received a lot of advice from OLMEC 'Ready to Grow' project, and we have accessed some of their training; well, it is free and really good" [Business Manager, CS2].

"BTEG helps us with the trading to deliver to all the different people, so it is not just financial support by providing catering but how to provide the service, because every time we provide services for them, they come back and we learn something; they say this person says this, so we always learn with them. And OLMEC Ready to Grow programme was great! They did just what they said" [Manager, CS8].

Although there is no evidence from the fieldwork to verify this, it could be argued that the low take-up of specialist BME business support services can be explained by the fact that ethnic minority communities often suffer from a lack of information about how to access these services, leaving them with little choice but to use mainstream services. Another possible explanation for this finding is the fact that ethnic minority organisations may not need specialised support services and prefer to use mainstream (non-minority) services to develop their business and services more widely. It is noteworthy to highlight that although all the case study ethnic minority social enterprises studied received some kind of business advice and support, this sample only comprised organisations that have been successfully developed, not those who have failed.

7.4 Access to human capital

Several issues emerged from the case study analysis regarding the workforce and human resources within the ethnic minority social enterprises. The first issue concerned the difficulties that these organisations experienced in recruiting staff due to the limited financial resources for their day-to-day operations. The second issue related to the difficulties in maintaining staff due to the poor working conditions, limited training services and job insecurity and instability. The third issue pertained to the quality of management, that is to say, assessing managers and board of directors' skills, network building and lobbying capacity and how this influenced organisational development.

7.4.1 Difficulty in staff recruitment

The findings from the fieldwork revealed that most ethnic minority social enterprises selected for the case study employed few full-time staff. In fact, two thirds of the case study organisations employed less than five full-time staff (see Tables 7.1 and 7.2). Respondents stressed that case study enterprises employed few full-time (paid) staff, as they were unable to offer a competitive remuneration package due to the organisations' limited financial resources. For instance, the Director of a food cooperative in Newham that provides fresh

fruit and vegetables in the East London area claimed that the reduction of grant funding limited their finances and restricted their capacity to hire and retain skilled staff. He stated: *“There are few people working here. The biggest problem we have is when we get a grant. As soon as the grant goes away, the person [staff] is gone, so the skills that the person has taken over the years is lost; therefore, a loss of skills is a problem as is the insufficient number of staff we have. Because of that, it is a constant struggle”* [Director, CS4].

It was notable from the case study analysis that these enterprises were heavily dependent on part-time staff, volunteers and casual workers for their operations (see Tables 7.1 and 7.2). The importance of hiring part-time staff and volunteers has also been observed within mainstream (non-ethnic minority) social enterprises (Peattie and Morley, 2008). It was also apparent that there were two types of organisations that had high levels of voluntary workers. The first were well-established ethnic minority social enterprises (previously voluntary and community organisations) that have been operating for a long time and which rely on a large number of volunteers. An example of this is a social enterprise that was established in Tower Hamlets to provide social care for Asian disabled people that rely on a high number of volunteers to provide these services (see Case 1 in Table 7.1). The second type was recently established social enterprises which tended to hire most of their workers on a voluntary basis at the time that the interviews were carried out (from August 2010 to June 2011). A typical case example that demonstrates this is a catering co-operative which opened in Greenwich in 2008 to provide employment for the local community. Although the Director commented that the organisation relied on volunteering work, she expressed her intentions to employ all of these volunteers on a paid basis in the near future (see Case 8 in Table 7.2). In one case, even the organisation’s founder worked on a voluntary basis. This social enterprise was formed in Tower Hamlets in 2010 by a first generation Black African to provide training and employment opportunities for London’s immigrants (Case 3 in Table 7.1).

The founder asserted that all people involved within the organisation were working on a volunteer basis, including herself, because they had just started up; thus, they had little income to employ staff with but she emphasised her intentions to employ herself and the others eventually.

Evidence also revealed that in a number of cases, organisations recruited relatives, and friends, principally as casual workers or to do volunteer work. This was clearly exemplified by the Manager of the catering cooperative in Greenwich who confirmed that he had relied on relatives and friends from the local area (see Case 8 in Box 7.11). This would seem to concur with the ethnic minority entrepreneurship literature, which indicates that ethnic minorities tend to rely on informal employment or voluntary staff (Ram and Jones, 2008).

Box 7.11 Use of informal employment

"I have my children that I am training to be responsible and how to serve people, how to respect people and all that, so I do give them jobs to learn. Also they are the youngest community for tomorrow; you know what I mean; in places they see something like that then they become a model. We also employ locals; my neighbour, she is also my friend, she is the admin, well... you know, I do not employ qualified people, but local people who I know want to work. I tell them to come along and I train them" [Manager, CS8].

Not surprisingly perhaps, findings revealed that all case study organisations employed ethnic minority people, principally from the local area. An example of this is provided by the Director of a health-related social enterprise in Tower Hamlets who reported that she had employed ethnic minority staff from different nationalities to work directly with their service users by pointing out: *"We have a lot of people from different communities that are working here: Bangladeshis, Somalis, Turkish, African Caribbeans, Gujarat people, Polish... Well, we don't work with a community unless we have someone from that community working for us. So, now for a year and a half we have been working with the Polish community and we have a Polish worker and we work with newly arrived Polish people and settle Polish people"* [Director, CS10].

In a number of cases, organisations hired staff from the same ethnic minority community as their service users. It seems that respondents saw co-ethnic employing in this way as beneficial for service users, and often mentioned the importance of having a common language and cultural values. This can be illustrated with selected examples drawn from the case studies. The first comes from a social housing association in Greenwich that was established by local Black African Caribbeans to help young single people from the same community (Case 9). The director, a Black Caribbean male, stressed the importance of having staff from the same background as service users as essential in being able to provide them with the necessary support (see Box 7.12). The second illustrative example comes from a social care organisation in Tower Hamlets (Case 1) that provides services for Asian disabled people. The Director, a Bangladeshi male, recognised the benefits of employing people from the same community (see Box 7.12).

Box 7.12 Employment from within service users' ethnic minority community

"All our staff are Black African Caribbeans; well, the fact that we are part of the very community we serve ensures that our services closely match the needs of our tenants" [Director, CS9].

"Ninety-five per cent of our service users are Bangladeshis. Most of our staff are also from Bangladesh; well, they can speak English and Bengali. We find this is an advantage for someone who knows Bengali because if service users don't speak English, we can help in Bengali. In that sense, people are getting more advantages to work here because they are Bangladeshis and they can speak Bengali" [Coordinator, CS1].

7.4.2 Difficulty of maintaining staff

Evidence revealed that one of the biggest difficulties faced by most ethnic minority social enterprises, particularly the small ones, was the fact that they faced difficulties in maintaining staff due to the poor working conditions, lack of training opportunities, and insecurity and instability.

There was evidence of disquiet amongst staff members in the social enterprises regarding their working conditions. Frustration with regards to low salaries and long working hours were evident. An example was provided by the Project Manager of a social enterprise in Newham who pointed out: *"I am working so many hours and I am not well paid. I work all day long and I have a low salary. Well, in a social enterprise, even if you are paid for 20 hours you really work a hundred!"* [Project Manager, CS4]. Further, there was acknowledgment that the nature of working in a social enterprise entailed accepting poor working conditions.

Moreover, findings demonstrated that most organisations could not deliver adequate training services for their staff due to their limited financial and human resources (see Tables 7.1 and 7.2). An example of this is provided by the Director of a childcare recruitment agency that opened in Tower Hamlets in 2005 who pointed out: *"We do not have time for training; we are not many staff; we have to do other things; we do not have either money or time for training courses"* [Director, CS5]. The findings also demonstrated that although the largest case study enterprises provided training courses for their staff, they often only delivered internal training for them, whereas providing external training was much less common due to the cost implications. An example of this is illustrated by the Director of a social enterprise in Tower Hamlets that offers health activities (Case 10 in Box 7.13). Another example comes from the Director of a large and well-established disabled focused social enterprise in Tower Hamlets (Case 1 in Box 7.13).

Box 7.13 Provision of training courses for employees

“Coordinators and workers, sessional staff and volunteers join our training programmes. We send people for training courses when we can afford, but most of our training is in-house. We have highly qualified staff that train our seasonal workers quite intensively, so they know how to run groups as well as knowing about issues, teaching them about listening, running and working in group dynamics and all of that; so we have all our seasonal workers; they could be health guides, they could be self-management tutors, mentors, ambassadors. Some of these seasonal workers have now got jobs and salaried workers within the organisation and now some of these people are Senior managers; so without doubt this has been a great success” [Director, CS10].

We make sure that all employees have access to internal training, but we also provided accredited training, to some of our staff so they become qualified (with NVQ levels 2 and 3) to work with disabled people” [Coordinator, CS1].

It was also apparent that although a considerable number of organisations have received awards and recognition from a number of bodies (see Tables 7.1 and 7.2 for further details), the financial squeeze on these enterprises had increased in recent years with the reduction of public funding. This created a situation of insecurity and instability among staff. The Manager of a health-related social enterprise in Tower Hamlets expressed this fear when she reported that they have had to make redundancies and reduce staff hours over the last year (Case 10 in Box 7.14). This was also evident in the interview given by the administrator of a social housing association in Greenwich (Case 9 in Box 7.14).

Box 7.14 Staff Insecurity and instability

“Because of the government changes, we have been forced to reduce the number of hours of our staff. We have made two redundancies and I know this is going to get worse; well, next year we are expecting more redundancies. I already told my staff about this” [Director, CS10].

“I am not sure how long I am going to stay in this job; it really depends on the income, you see... well, last month a member of staff was sacked” [Administrator, CS9].

7.4.3 Management skills

From the interviews, it seems that the vast majority of managers were highly skilled experienced individuals who had often completed a university degree and had previous work

experience in the third sector (see Tables 7.1 and 7.2). Responses such as *“I have two MA degrees, English (Oxford) and Islamic Societies and Cultures (SOAS, London) and I have worked in Muslim educational organisations since I returned to work in 1985”* or *“I have been working in the health and community sector and the development field continuously since 1974. I also have a first degree in sociology and social anthropology and a postgraduate diploma in community development”* were typical common responses among respondents.

Interviews conducted with managers, board members and staff revealed that having highly-skilled managers was crucial for the development of ethnic minority social enterprises. An example of this is provided by a board member of a social enterprise in Tower Hamlets who stressed: *“The decision to employ ‘X’ as a full time Business Manager for the organisation has provided us with a fundraiser, a constitution, a registration as a CIC and a business arm. Well, this has been invaluable”* [Board member, CS2]. Despite the fact that organisations’ stakeholders tended to have a good impression of the quality of management within them, key informants who provided support for social enterprises offered different views with regard to this issue. Many expressed that managers lacked business skills and that while most of them possessed work experience in the third sector, they did not have business experience (see Box 7.15).

Box 7.15 Poor quality of business skills among managers

“Managers do not have the business skills and do not think like business, so they need to learn about track record experience when bidding for contracts. A social enterprise needs to have a business model, if not, they are not going to succeed” [SE consultant, I11].

“They [managers] don’t really understand about trading activities, I think things like profit or like business planning. I think a lot of managers, particularly in Hackney they struggle with this and whether they [third sector organisations engaged with earned income activities] will be able to make this transition to social enterprises is a bit debatable” [Senior Regeneration officer, I3].

The second problem that was identified among key informants is illustrated in Box 7.16 by an interviewee who worked in a social enterprise support body and is that of the limited network

building and lobbying capacity of managers and how this negatively affected the development of the organisation. It was evident in the findings that those organisations that had networks with other social enterprises, other organisations and representatives from local authorities and other political bodies tend to be the ones that establish more successfully (see Section 7.3).

Box 7.16 Limited networking building and lobby capacity of managers

“I think that you get people who are very good at providing the services like youth education or a house service, but in terms of leading other kind of projects they may not be so good; in terms of getting involved in policy engagement at a local level, they may not be as good and again it is simply because of resources. If you’ve got three people in an organisation, they can find it hard to find the time to get involved in other things. Also we found out that not many of them are able to have the time to go on training courses and so even if they want to learn about what an SE is, and how you become sustainable funded, they may not be able to achieve this which will help them with that idea; so I think there needs to be a change of mindset about the advantages of getting a social enterprise”
[Business Support Manager, I1].

Another issue here is the capacity of board members and how this may influence in the operation and development of ethnic minority social enterprises. As observed in Tables 7.1 and 7.2, all case study enterprises, except Case 7, had board members who were primarily from an ethnic minority background. The recruitment of board members within all cases was conducted through the existing board and senior management teams’ personal networks. Overall, respondents highlighted the importance of having highly-skilled board members in terms of the development of their organisation and in accessing resources and information. This was illustrated by the Director of a well-established health-related social enterprise in Tower Hamlets who stated: *“The people who really give us the support are our board members. We recruit board members who are generally interested in grassroots work and who want to help and so we have members who are highly skilled”* **[Director, CS10]**. However, there was evidence of different levels of involvement of board members among the case study organisations. In some cases, board members were playing a figurative rather

than an advisory role. This trend appeared most acutely among the smaller organisations. This was clearly observed within a social enterprise that worked with immigrants in Tower Hamlets where it was difficult to distinguish between the board and management roles. As the Director commented: *"Our board does not play an important role at the moment, I've just used this to apply for grants, and the organisation is too small at the moment, well... I take all the decisions"* [Director, CS3].

7.5 Conclusions

Based on the case study findings, several influences that drive and constrain 'ethnic minority social enterprise activity' development were identified and relate closely to access to resources and the level of institutional support that they received. The findings indicated that the ability of ethnic minority entrepreneurs/managers to access financial, human and social capital resources is crucial to understanding organisations' development. Evidence revealed that those that have developed most successfully tend to be the ones that establish better relationships with their local authorities and access business and advice support. The findings also demonstrated that enjoying close relationships with the wider community as well as with other third sector and social enterprises provide opportunities for these organisations. With regards to the role played by social entrepreneurs, evidence suggested that although in a number of cases, social enterprises were initiated by a leading individual; they were highly reliant on groups of people (such as board members and managers) for organisations development. Therefore, the findings indicated that the picture of social entrepreneurs as heroic individuals (Bornstein, 2007; Sen, 2007) is something of a 'myth', and that these entrepreneurs tend to rely on a collective team to develop their organisations (Light, 2008; Roberts, 2006; Spear, 2006).

What research findings also demonstrated is that socio-economic and cultural changes in the East London area in recent years have affected ethnic minority social enterprise activity

development. A clear example of this has been the shift to work with wider communities as the population of East London has changed dramatically with the arrival of Eastern Europeans and the needs of other communities (for example, British White working people).

With regards to factors that constrain the development of ethnic minority social enterprise activities, this research revealed that both the lack of internal capacity in terms of limited business skills, networking building and lobby capacity among managers and board members, as well as their difficulties to recruit and retain staff constrained their organisational development. Moreover, the evolution of the policy in the UK since 2008 and notably the public spending cuts and consequent reduction of public sector funding to third sector and social enterprises has also restricted these organisations' development (Di Domenico *et al.*, 2009). This has created a situation of considerable financial uncertainty which has increased ethnic minority social enterprises' financial vulnerability and threatened their very existence (D'Angelo *et al.*, 2010; Bruce and Chew, 2011).

Not surprisingly perhaps, as seen in Chapters 6 and 7, the factors shaping the emergence and development of ethnic minority social enterprise activities are similar to those experienced by non-minority organisations in terms of social entrepreneurs' skills and educational levels, organisations responding to a local market demand, problems to access finance, business support services and institutional support (e.g. local authorities influences in the development of ethnic minority social enterprise activities) (Ridley-Duff and Bull, 2011; Peattie and Morley, 2008).

However, certain factors are distinctive to social enterprise activities within *ethnic minorities*. The first factor relates to ethnic minority entrepreneurs' motivations to undertake social enterprise activities as they are often driven by their strong sense of sharing an identity and belonging to a faith/ethnic community (Schover and Vermeulen, 2005; Azmat and Samaratunge, 2009). This was clearly seen within case study organisations in evidence

presented in Chapter 6. The second factor concerns the high levels of employment among their co-ethnics which are often relatives and friends that work on part-time or voluntary basis for the organisations, as clearly observed in Section 7.4.1. This can also be related to the role that bonding social capital plays within ethnic minority social enterprises where relationships between co-ethnics are crucial for the development of organisations, particularly at the start-up stage (Evans and Syrett, 2007). The third factor relates to the high level of informality among ethnic minority social enterprises in terms of their legal structure and employment, a result that has been observed in previous literature related to ethnic minority entrepreneurship (Ram and Smallbone, 2001). The fourth factor relates to the extent to which the support needs of ethnic minority social enterprises are distinctive in comparison with non-minority organisations. Evidence shows that although many of the business support needs (e.g. business plan, contracting and funding bids) of ethnic minority social enterprises are shared with their non-ethnic counterparts, there are specific issues that have implications for the way that business support is delivered. An example of this is the fact that ethnic minority social enterprises do not often use financial credit to develop their business for several reasons including the issue of religion and cultural values and the perception of institutional racism, as clearly observed in Section 7.2.3. This can explain why ethnic minority organisations tend to access specialised business support services for ethnic minority communities (Ram and Smallbone, 2001).

Finally, the fifth factor relates to the specific policy regulations that affect ethnic minorities and ethnic minority organisations. An example of this is the changing policy environment from *“multiculturalism”* to an *“integrationist”* approach (Reitz *et al*; 2009) that is disproportionately affecting those ethnic minority organisations that operate with *“single”* communities in terms of the reduction of grant funding. As a result of this, these organisations have been forced to increase their earned income activities or expand their services to wider communities in order to achieve longer-term financial sustainability (CIC, 2007).

Although the evidence has revealed that on the whole ethnic minority social enterprise activities have been able to access financial and business support resources, these findings need to be treated with some care as all case study organisations are in one way or another “successful” in the sense that they have a basic ability to access and make (relatively) good use of such resources. The following chapter (8) will draw upon the findings for each research question and discuss the academic and political implications. It will also describe the methodology and the study’s limitations and make recommendations for further research.

CHAPTER 8

CONCLUSIONS: CHALLENGES AND OPPORTUNITIES FOR ETHNIC MINORITY SOCIAL ENTERPRISE ACTIVITY

8.1 Original Contribution

There is a gap in academic research on the involvement of ethnic minority communities within social enterprise activities, despite their apparently growing significance within the UK context. This thesis has addressed this gap in existing research knowledge by providing insights into: 1) the nature and extent of ethnic minority involvement in social enterprise activity; 2) how and where ethnic minority social enterprise activities emerge and operate; and 3) the processes that drive and constrain their development in the East London Olympic Boroughs. The conceptual framework generated from this study also makes an original contribution to theoretical understanding of ethnic minority social enterprise activity development. The findings of this thesis have significant implications for the improvement of policy making through developing an enhanced understanding of how the current policy agenda on social enterprise and ethnic minority communities has influenced the start-up and development of ethnic minority social enterprises. This study has also identified several barriers that are faced by ethnic minority social enterprises when developing their activities. Therefore, this research provides valuable original material for social enterprise and ethnic minorities' practitioners, policy makers and consultants.

8.2 What has emerged from this research?

This research was guided by a number of research questions (see Section 1.3) which were derived from an analysis of key debates about the current practices of social enterprises and their engagement within ethnic minority communities as developed through a review of the existing literature and policy framework. This concluding section returns to examine each of the research questions to assess their contribution to the thesis findings.

What is the nature and extent of ethnic minority social enterprise activity within the East London Olympic Boroughs?

The thesis findings highlight the existence of a relatively large ethnic minority social enterprise sector in the East London Olympic Boroughs that is comprised mainly of small and financially vulnerable organisations. This research has indicated that these organisations operate primarily in the local area by providing a wide range of goods and services to meet the needs of the community with a particular emphasis on ethnic minority populations. These empirical findings corroborate previous UK-based studies concerned with ethnic minority third sector and social enterprises (Afridi and Warmington, 2009; OLMEC, 2007; Voice East Midlands, 2004; OLMEC, 2011).

This thesis clearly showed that many ethnic minority organisations have shifted towards a funding model which relies on greater earned income sources, moving from traditional grant funding schemes towards a social enterprise business model, whereby organisations have been compelled to reinvent themselves and deploy income generating ‘survival’ strategies to fund their core mission (Di Domenico *et al.*, 2009; Brap, 2008). This evidence confirms the hypothesis of the transition of a considerable number of ethnic minority voluntary and community organisations towards the social enterprise model. Yet, in most cases, ethnic minority organisations did not engage with the notion of ‘social enterprise’ but remained committed to their ‘voluntary community sector’ ethos; hence, the shift towards increased trading revenues should be seen as part of a wider process of ‘marketisation’ of the third sector (Teasdale, 2010). These organisations can be classified as ‘social enterprises’ using current UK Government definition rooted within what Defourny and Nyssens (2010) refer to as the “Earned Income” School where SEs are defined as organisations that trade for social purposes with trading mainly considered as an income source. However, many of these organisations would not be defined as social enterprises under more restricted definitions such as the one used by the European Social Enterprise Network (EMES) (Borzaga and Defourny, 2001).

This research has amply demonstrated the diversity of organisations in terms of their ethnicity, legal status, degree of profit orientation, types of ownership and governance. Moreover, the lack of legal status observed in the telephone survey and in a considerable proportion of organisations selected for the case study reflects their wariness of engaging with the formal regulatory system (Zetter *et al.*, 2005). Therefore, any estimation of the extent of ethnic minority social enterprise activity is liable to be substantially underestimated. The thesis revealed how organisations' diversity and informality limits attempts to meaningfully quantify the ethnic minority social enterprise sector.

How can 'ethnic minority social enterprise activity' be defined?

The findings demonstrated that defining ethnic minority social enterprise activities is more complex than is portrayed in the policy rhetoric, as both 'ethnicity and social enterprise' are highly contested notions. As this thesis revealed, the manner in which ethnic minority social enterprises define their own identity indicates that *diversity* is central to organisations. The combination of multiple ethnic 'identifiers' within ethnic minority social enterprise activities (for example, Black, Muslim, Bangladeshi and refugee) demonstrated the decreasing relevance of using an 'ethnic minority' definition that is derived from official (Home Office) data collection categories (Vertovec, 2007a). The reality of population in most urban areas in the UK is of an increased prevalence of multiple dimensions of diversity in terms of their ethnicity, faith, migration status and nationality among others (Syrett and Sepulveda, 2011).

Research findings also demonstrated that there is a clear mismatch concerning how the term 'social enterprise' is used in official discourse and how organisations and their stakeholders identified themselves. Whilst official definitions (for example, the one undertaken by Social Enterprise UK) focus on the issue of organisational ownership and governance, most ethnic minority social enterprises adopt a multiple-stakeholders perspective in defining 'social enterprise' focusing upon the ethnicity of their beneficiaries when defining their identity. This implied that most organisations focused on the social

mission of social enterprises which is placed at the “*heart*” of any definition of social enterprise in most of the existing academic literature (Borzaga and Defourny, 2001; Peattie and Morley, 2008).

The notable definitional differences have not just created problems related to the measuring and mapping of the ethnic minority social enterprise sector, but also have important consequences for the nature of ethnic minorities’ incorporation into the political arena, as the definition used for the term ‘ethnic minority social enterprise activity’ has been imposed by official bodies excluding the voice of practitioners (CEMVO, 2010). These findings have clearly indicated disengagement between the policy construct and ethnic minority social enterprise activity on the ground, demonstrating the gap that exists between policy rhetoric and concrete practical achievements. Therefore, there is a need to adopt a bottom-up approach to define ‘ethnic minority social enterprise activities’. A policy recommendation related to this is provided in Section 8.3.

What are the processes that drive and constrain the development of ethnic minority social enterprise activity?

The processes that drive and constrain the development of ethnic minority social enterprise activities were critical for this study. Findings revealed the role of the agents (the entrepreneurs) as a driving force for the development of ethnic minority social enterprise activities. Evidence demonstrated that ethnic minority social entrepreneurs have mixed motives when establishing a social enterprise as they are often driven by a combination of collectivist (community self-identity and altruistic values) and individualistic factors (self-fulfilment, independence and control) (Sharir and Lerner, 2006). Interestingly and in contrast to the existing BME literature on business start-up (Baycanta-Levent, 2010), evidence demonstrated that ethnic minority social entrepreneurs did not engage with social enterprise activities due to their lack of personal opportunities in the labour market; rather, they tended

to be highly skilled educated and experienced individuals with relatively better access to the labour market than many other migrants.

Findings clearly indicated that although in some cases, leading individuals had an important role for the establishment of social enterprises, the rhetoric of the 'hero social entrepreneur' highlighted in the literature is something of a myth (Spear, 2006) as most social entrepreneurs were 'ordinary' individuals from the local area (Amin, 2009) who often relied on other people (such as board members, managers, local community) to develop their social enterprises (Light, 2008; Roberts, 2006). Ethnic minority entrepreneurs and managers' skills and ability to gain access to finance, human resources and business support services by networking with the wider local community, third sector and social enterprises representatives, and local authorities was also identified as a driving force for the development of organisations.

The material conditions of the East London Olympic Boroughs in terms of the high level of population diversity, high levels of deprivation, social exclusion and reduced welfare state provision provided the material conditions for a strong BME demand for specific goods and services which created the conditions for the emergence of suppliers of such goods from within ethnic minority communities (see Chapter 6). What research findings also demonstrated is that socio-economic and cultural changes in the East London area in recent years have affected ethnic minority social enterprise activity development due to both the arrival of new communities (for example, Eastern Europeans) and increased needs of increasingly marginalised communities (for example, White British working-class people) which has generated the expansion of a market for goods and services to meet the needs of wider communities (Syrett and Sepulveda, 2011). Therefore, it could be argued that strategies to support ethnic minority social enterprise activities appear to be best pursued at a local level, with local authorities, other local stakeholders and social enterprises building upon and responding to the particularities of local populations, economies and political

contexts (Amin, 2009). Overall, it is at the local level that the opportunities for ethnic minority social enterprise activities have been realised rather than in relation to the national policy agenda.

As findings revealed, the promotion of the social enterprise and ethnic minority sector as initiated under New Labour since 1997 was crucial for the emergence of ethnic minority social enterprise activities in terms of the provision of institutional financial and business support for these organisations (Teasdale, 2010). Moreover, the recent changing policy framework which reduces public spending to third sector and social enterprises undertaken by New Labour and then taken forward by the Coalition Government has forced ethnic minority organisations to increase their trading activities and move towards the social enterprise model (Aiken, 2007; Social Enterprise UK, 2011).

Although the privatisation of the public sector has been seen as an opportunity for ethnic minority social enterprises development, evidence revealed that organisations which tend to have limited organisational capacity in terms of staff numbers and managerial skills (Peattie and Morley, 2008) have difficulties in competing in the public contracting market (for example, with large corporations) (Bruce and Chew, 2011). Therefore, this has created a situation of considerable financial uncertainty within which organisations are struggling to survive and have little opportunity for longer term planning (see also Di Domenico *et al.*, 2009).

Furthermore, the shift from a “multiculturalist” towards an “*integrationist*” policy approach has result in the reduction of financial and institutional support received by ethnic minority social enterprises, particularly those operating within a “*single*” community, and has forced organisations to expand their services to wider communities to achieve longer-term sustainability (CLG, 2008; Reitz *et al.*, 2009). In this manner, the national policy agenda related to social enterprises and ethnic minorities has significantly constrained the

development of ethnic minority social enterprise activities in recent years.

The narrative on the distinctiveness between ethnic minority and mainstream organisations has been well-documented in the literature (Mayblin and Soteri-Proctor, 2011; Ram and Smallbone, 2001). In this sense, what research findings demonstrated is that the problem faced by ethnic minority social enterprises are very similar to those experienced by mainstream (non-ethnic minority) social enterprises including social entrepreneurs' educational level and skills, their problems accessing finance, institutional and business support services and the idea of setting up organisations to address local market needs.

However, there is also a story of '*differences*'. This relates to a combination of features, including ethnic minority entrepreneurs' motivations, the mission of organisations as well as their experience in accessing resources and particular policy agendas. Although ethnic minority entrepreneurs' motivations for setting up social enterprises are similar to those of non-BME social entrepreneurs, there is a notable strong sense of community identity based on mixed elements including shared faith, race or nationality. It also relates to the need to improving the material conditions of their communities (Schover and Vermeulen, 2005; Azmat and Samaratunge, 2009) as well as the importance of bonding social capital to create trust relationships with co-ethnics (Portes and Sensenbrenner, 1993). These differences might matter when thinking about motivations to set up a social enterprise and the type of organisations ethnic minorities established. Ethnic minority communities tend to establish social enterprises focusing on disadvantage issues within their communities (Britton, 1999; Iffla, 2002). This can have clear political implications in terms of thinking about the current migration and race relations policies and the development of the social enterprise sector among ethnic minority communities (see policy recommendations in Section 8.3).

Evidence also revealed that ethnic minority social enterprises support needs are often distinctive of their mainstream social enterprises as observed in the findings where the former do not often use financial credit to develop their business due to several reasons

including cultural and religion values and perceptions of institutional racism among others (see Chapter 7 for further details) and, therefore, ethnic minorities need to access specialised business support services (Ram and Smallbone, 2001). The findings have also revealed the high levels of informal co-ethnic employment as well as the lack of legal structure within a large number of ethnic minority social enterprises (see Chapters 5 and 7 for further details), a result that has been observed in previous studies related to ethnic minority entrepreneurship (Ram and Smallbone, 2001).

Finally, there were specific changing policy frameworks that exclusively affect ethnic minority social enterprise organisations and their development particularly in relation to migration and race relation policies (Schrover and Vermeulen, 2005), as in the observed change from a “multiculturalist” towards an “integrationist” approach (Reitz *et al.*, 2009). These differences matter within ethnic minority organisations as it has been clearly observed in the findings that these organisations face additional barriers to access resources. An example of this is the fact that organisations that provided services for specific ethnic minority communities had fewer opportunities to access financial resources (see Section 2.3.4 for further details).

How can ethnic minority social enterprise activity be better conceptualised?

Structuration and Mixed Embeddedness theories (Giddens, 1984; Polanyi, 1944; Granovetter, 1985; Kloosterman, 2010) were used in this thesis as the theoretical framework for understanding the development of ethnic minority social enterprise activities, and a conceptual model was developed based on the interaction between agencies and structures. The conceptual model elaborated (see Figure 3.2 in Chapter 3) allowed the researcher to integrate elements of structure and agency to understand the development of ethnic minority social enterprise activities and examine such interaction as a phenomenon mutually constituted rather than considering agency and structural factors in isolation (Giddens, 1984). This conceptual model helped the researcher to assess how ethnic minority

entrepreneurs (agents) are embedded within a context (structures) for the development of social enterprise activities, and how the context partially constitutes such development.

This model brought together not only the issues of resources (for example, personal relations and networks to access business and financial support), the opportunity structure and the socio-economic, cultural and politico-institutional contexts, but also the agency dimension which provided the conditions for the development of ethnic minority social enterprise activities (Kloosterman, 2010; Brandellero and Kloosterman, 2009; Kloosterman and Rath, 2003). The agency dimension encompassed characteristics that were related to ethnic minority entrepreneurs, including their motivations, experience, education, culture, ethnicity and generational differences. With respect to contextual factors, this included markets, resource bases (financial, human and social capital) and regulatory and policy frameworks (see Section 3.2 in Chapter 3 for further details).

Based on the case study findings, the researcher considers the use of Structuration and Mixed Embeddedness theories as appropriate for understanding the development of ethnic minority social enterprise activities (Kloosterman, 2010; Brandellero and Kloosterman, 2009). Evidence revealed that the state and markets were active actors (Polanyi, 1957) in conjunction with entrepreneurs' motivations, skills to access resources, personal relations and networks (Granovetter, 1985) for the development of ethnic minority social enterprise activities within the 'East London Olympic Boroughs' and have been considered crucial drivers and constrainers for organisations' development.

However, although the conceptual model enabled an examination of ethnic minority social enterprise activity, it did not explain the extent to which those agency and structural factors shaped the development of ethnic minority social enterprise activities in the East London Olympic Boroughs at different stages of their "*life-cycle*". Therefore, the researcher argues that the model needs to have a stronger temporal dimension. This is particularly important as

findings from the case study research (as clearly observed in Chapters 6 and 7) demonstrated that while ethnic minority entrepreneurs' motivations were crucial for the emergence of ethnic minority social enterprise activities, access to hierarchical networks (linking social capital) in turn was more relevant at the later stage of the organisations' development. The change in the role of the political support is also relevant within ethnic minority organisations at the start-up and development stages. Moreover, this study has demonstrated the practical problems of using Structuration and Mixed Embeddedness theories in terms of how to apply the theory to empirical research. Based on the findings, it can be claimed that the conceptual model elaborated to explore the development of ethnic minority social enterprise activities offered very little guidance on how to differentiate between structure and agency and that the separation between the agency and the structure was not always that clear (Archer, 1996; Bakewell, 2010). An example of this can be observed in the study findings where the issues related to workforce and human capital resources within ethnic minority social enterprises could be based either within the agency or the structure dimensions, particularly within those organisations where the founders were working within the organisations (see Appendix 8 for further details). It can be concluded that although the conceptual model left the empirical findings somewhat divorced from the theory on occasion, it suggested an approach to research offering a framework that helped to understand how the context enabled and constrained the appearance of ethnic minority social enterprise activities, and how ethnic minority social entrepreneurs used the context for the creation, operation and development of social enterprises in a particular location, the 'East London Olympic Boroughs'.

Within the specific context of East London during the preparation period for the 2012 Games, how does the current policy environment impact upon the development of ethnic minority social enterprise activity?

In response to the question about how the current policy environment impacts upon the development of ethnic minority social enterprise activity, this thesis revealed that the

promotion of the social enterprise sector undertaken by the New Labour Government since 1997 has positively affected the emergence of the sector by providing higher levels of institutional, financial and business support at local, regional and national levels (see also Teasdale, 2010). The findings also demonstrated that a considerable number of ethnic minority social enterprise organisations have benefitted from the transfer of front-line public services to social enterprises and are making a positive contribution to the regeneration of deprived areas by addressing deficiencies and gaps in public services, combating socio-economic exclusion and facilitating interaction among communities (SEC, 2009; Cabinet Office, 2010b). However, the scope for engagement for the vast majority of small-scale ethnic minority social enterprise activities is highly restricted. The major reduction in public sector funding that has taken place since the financial crisis in 2008 has created a highly unstable situation for ethnic minority social enterprise activities, with growing competition to access contract and grant funding opportunities (Aiken 2007; Di Domenico *et al.*, 2009; Social Enterprise UK, 2011).

This context has made many organisations fall under increased financial pressure to become more entrepreneurial and lessen their traditional dependency on state grants and subsidies (Bruce and Chew, 2011). Although the Coalition Government states that social enterprises are playing a key role in building the “*Big Society*” agenda by delivering public services, currently policy directions are clearly not benefitting the vast majority of small ethnic minority organisations. These often have limited support for development in comparison with their early stages, and large well-established non-minority organisations are better placed to take advantage of this agenda. This situation is leaving many ethnic minority social enterprise activities marginalised in terms of contracting opportunities (Bruce and Chew, 2011). The current policy environment is increasing the financial vulnerability of the BME sector and it is threatening the very existence of many organisations. Without access to ongoing support to develop their capacity, many organisations are unable to become ‘contract ready’ and, hence, gain equitable access to large public service contracts through

competitive commissioning. This has been evident in relation to the limited procurement opportunities for ethnic minority social entrepreneurial activities presented by the 2012 Games as observed in Chapter 5. Likewise, many organisations that served the needs of specific disadvantaged communities have become marginalised, and now face greater instability and a 'depoliticisation' of their activities, as current integrationist policies have affected their capacity to support specific communities (Afridi and Warmington, 2009; Reitz *et al.*, 2009). There appears to be little evidence to support the statement that ethnic minorities are at the 'centre of the social enterprise movement' as claimed by SEC (2009). The changing policy environment appears to be deepening and reproducing existing structures and processes of exclusion that affect the development of ethnic minority social enterprise activities, rather than providing new routes for social and economic inclusion as policy makers have asserted.

8.3 Implications for policy

Several policy recommendations can be drawn from this research based on the results of the study. These include: a) the need to support existing ethnic minority social enterprises; b) the incorporation of the ethnic minority sector into the social enterprise policy discourse; and c) the re-evaluation of integrationist policies and their impact for organisations.

Building-up support for “existing” ethnic minority social enterprises

The lack of appropriate support for existing ethnic minority social enterprises is a key factor that constrains their development. Case study evidence revealed that whilst organisations received external financial and business support at start-up and during the early stages of development, they faced numerous barriers to grow mainly due to the limited support that they received at the consolidation stages. As claimed by a key informant:

The current Government [Coalition] is promoting the establishment of new organisations, but many already-established ethnic minority social enterprises are closing down because they cannot sustain themselves, they [the Coalition Government] should focus on providing support for established social enterprises [Policy officer, I5].

Hence, one key policy implication is that there is a need for a systematic evaluation of existing support initiatives and approaches for ‘existing’ ethnic minority social enterprise activities, with a view to identify, support and promote good practice (for example, getting contract ready, scaling-up and diversification). Policy makers should reflect on the difficulties that are being faced by existing organisations, evaluate the implications of current policies (for example, reduction in grant funding and public spending cuts) and enhance support infrastructure consequently to support the growth of existing organisations. One specific area of support for existing ethnic minority social enterprises is to promote networking, partnering and consortium opportunities among organisations. Recent changes in the policy framework have forced many organisations to move away from grant funding to contracted services. Despite the fact that there have been recent publications related to procurement and available funding opportunities beyond new regulations such as the Cabinet Office report (2011) on the future role of the third sector and procurement policies and partnerships, there has been a lack of ‘real’ support to facilitate small ethnic minority organisations access to this. Therefore, there is a need for ongoing pro-active measures to strengthen, support and build up the capacity of existing organisations by helping them to create partnerships with others organisations and develop the necessary ‘professional’ skills to gain access to public service contracts through competitive commissioning.

Incorporating the ethnic minority sector into the social enterprise policy discourse: the missing bottom-up approach

Another recommendation relates to the need to incorporate the ethnic minority sector into the official social enterprise policy discourse and related support infrastructure. As evidence revealed, the ethnic minority sector has a marginal presence within the SE movement.

Despite the fact that ethnic minority social entrepreneurial activity seems to be thriving (Lyon *et al.*, 2007; Sepulveda *et al.*, 2010; OLMEC, 2007; 2011), the current policy agenda marginalises much of this activity leaving the ethnic minority sector excluded from the official social enterprise discourse. This was clearly exemplified by the perception of a BME support officer who commented:

"Normally the people developing the policy are not really the people that it affects and the people that it affects are really far away from the people who are making the policy. So I think it is important that the frameworks that are in place should be developed by individuals or at least by some individuals who are closer by the people who would be affected so that the policy is actually influenced by them. I think that frameworks like that can work and can really have an impact on the work for ethnic minority social enterprises, if that makes sense" [BME policy officer, I3].

Capacity building and political lobbying of the ethnic minority sector is therefore seen as an important line of policy action and yet, it should be endorsed by the social enterprise policy framework. Evidence indicated that there is a critical gap between policy makers' official definition of the term 'ethnic minority social enterprise activity' and how ethnic minority groups themselves construct meanings around the activity that they are engaged in. A policy recommendation here is that ethnic minorities' engagement with the social enterprise policy discourse should not operate in a 'top-down' manner, that is, from the mainstream to grassroots level, but instead function with a more 'bottom-up' approach. A socially constructed approach to define BME SE activity should allow actors to define the organisation they are involved with, rather than be imposed an external definition of the term from official bodies. Thus, there is a need for well-evidenced research to establish a socially constructed bottom-up definition of the term that takes into consideration the voice of ethnic minority social enterprises.

Re-evaluating ‘integrationist’ policies and their impact for ethnic minority social enterprise activities

This thesis revealed that the shift from a multiculturalist towards an integrationist approach to migrant integration in the UK has forced ethnic minority social enterprises to move away from providing services for ‘single’ communities to wider society. This raises the question of whether this shift will negatively affect the quality of services delivered by ethnic minority social enterprises and contribute to the existence of organisations where everyone can ‘*pop in*’, lacking the clearly identified needs of particular ethnic communities. As explained by a Policy Officer:

It is necessary to provide specialist support in some cases for certain communities; it would be crazy not to acknowledge that there are some communities that have unique needs; for example, there are low levels of entrepreneurial activities among Bangladeshi women [Policy Officer, 17].

Therefore, there is a need to re-evaluate the benefits of the ‘integrationist’ political agenda and how this will affect the quality of services provided by the BME sector as a whole and by ethnic minority social enterprise activities in particular (CLG, 2008). Although the integrationist approach promotes interaction among communities and in theory tackles community exclusion and the formation of ghettos (Portes and Sensenbrenner, 1993), it was evident from the findings that the key motivational drivers to establish social enterprises among ethnic minorities were their strong sense of identity with their communities and their ambition to tackle their own community needs (see Chapter 6 for further details). The implication here is that the emergence of social entrepreneurial activities will not easily happen if there are “restrictions” in terms of establishing organisations that serve the needs of particular marginalised migrants and BME groups.

8.4 Methodology and limitations

A series of data collection methods were used in a three 'staged sequence' to answer the research questions outlined in Chapter 1. The nature of the research questions determined the choice of this three-staged methodological process to accommodate such analysis. One of the main advantages of this was achieving credibility by using a mixed-methods approach (see Chapter 4 for further details).

The methods of data collection used for this thesis were (in chronological order): a review of literature and policy documents, documentary sources, a telephone survey, semi-structured interviews and an in-depth study of selected ethnic minority social enterprise organisations. The literature and policy review was used to establish the rationale of this study, to allow the researcher to identify theoretical and political frameworks that were relevant to the study of ethnic minorities and social enterprise activities. This review set up the key objectives and research questions for the PhD thesis. Documentary sources allowed the researcher to acquire an enhanced understanding of the historical, demographic and socio-economic characteristics as well as the nature and extent of ethnic minority organisations located in London, particularly the East London Olympic Boroughs, the area selected for the study.

Prior to this study, no data was available about the nature and extent of ethnic minority third sector including voluntary and community organisations and social enterprise activities in the East London Olympic Boroughs. Therefore, the telephone survey was conducted to address this knowledge gap and gain a greater understanding of the nature and extent of ethnic minority involvement in social enterprise activities. The findings from the telephone survey provided some broad conclusions using quantitative data analysis and identified issues that required further investigation, such as how the role of the political environment impacts upon the development of ethnic minority social enterprise activities. Detailed semi-structured interviews with experienced key informant experts in ethnic minority organisations, social enterprises and the London 2012 Olympics provided a more profound insight and generated

new ideas concerning the political prospects for ethnic minority social enterprise activities in the East London Olympic Boroughs. The telephone survey informed the purposive selection of appropriate case studies. The study of the ten case study organisations allowed further insights into the factors that shaped the start-up and development of ethnic minority social enterprise activities and the policy issues related to this.

Despite this, there are a number of limitations with the methodology used which need to be acknowledged. The first is related to the data sources that this study focused upon when collecting primary data. The sample of organisations mainly comprised third sector organisations but excluded private enterprises. This was consistent with one of the aims of this PhD thesis which was to examine if there was any evidence of a transition of BME organisations from voluntary and community organisations towards the social enterprise model. However, it meant the research could not explore the development of social enterprise activity located within the private sector. The second limitation lies in the fact that all the case study organisations from the sample were relatively 'successful' ethnic minority social enterprise activities, in the sense that they were able to establish and develop their business and access resources. This study did not examine failed organisations and/or the conditions that impeded their emergence.

The third limitation concerns the study's inability to examine differences between ethnic minority communities and their tendency towards social entrepreneurial activities due to the small sample used (ten case study organisations). Evidence revealed an increasing rate of participation of new arrival communities (for example, Polish) and of the native white-British population (who live within predominantly non-white areas in East London) in social enterprise activities, mostly as employees, volunteers and beneficiaries. It was not possible, however, to access social enterprise activities that were established/run by new arrival communities (for example, Eastern Europeans).

Finally, the fact that the study focused on a particular context and at a particular period of time, the East London Olympic Boroughs during the period of preparation for the 2012 Games, makes the case 'unique' and difficult to generalise to other situations. However, the East London Olympic Boroughs constitutes a 'rich' case study area and has provided sufficient material to answer the research questions. The limitations underlined above should mainly serve to open paths for future research.

8.5 Future directions for research

Since this study is one of the first to focus on ethnic minorities and social enterprise activities, there clearly remains much to research in this area. Several issues raised by this study are worth exploring further. This research has been based upon a small-scale study and, thus, the issues identified within it could be widened and deepened. Wider and more comprehensive mapping exercises are required to accurately assess the scale and nature of the ethnic minority social enterprise sector. Building on the current work, a future area for research could be a longitudinal study that includes both quantitative and qualitative techniques to explore the nature and extent of ethnic minority social enterprise activities in different contexts, including not only third sector organisations but also for profit business with social aims across the UK. Although this thesis has highlighted some differences between ethnic minority social enterprise activities and mainstream (non-ethnic minority) organisations by using secondary data sources for the latter, it would be appropriate to look at this in depth by designing a large-scale empirical comparative study.

This study has exclusively focused on more "successful" ethnic minority social enterprise activities that had access and made (relatively) prudent use of resources. Therefore, another area of research that could be further explored is the reasons for the failure of ethnic minority social enterprise activities. This can be done to develop effective policies to address these barriers and challenges.

Further work may be conducted to look at other geographical areas where minority populations are equally or less prominent in order to gain a better understanding of the significance of population diversity in social enterprise development. Moreover, an examination of the variety of forms of engagement between well-established (for example, South Asian and Black Afro-Caribbeans) and new arrival communities (for example, Eastern Europeans) would benefit from further investigation including the drivers and rationale for engagement or disengagement. Further research on the involvement of ethnic minority social enterprise activities based in the East London Olympic Boroughs after the 2012 Games would be welcomed. This thesis revealed that there was only limited involvement of these organisations in the preparations for the 2012 Olympics at the time this study was conducted (from 2009 to 2011). However, an examination of the involvement of ethnic minority social enterprise activities after the London 2012 Games may shed light on issues that this research did not capture. As a key informant pointed out, *“it is too early to say who is going to benefit from the 2012 Games”*.

Finally, international comparison of ethnic minority social enterprise activities with other Western countries would be of much interest given the fact that these countries have different contexts in terms of market opportunities and political agendas. A potential cross-national study could be conducted which explores social enterprise activities within Mediterranean countries that are characterised with high levels of immigration.

The researcher could examine the engagement of marginalised and disadvantaged communities, including the impoverished middle-class and ethnic minority groups, in those countries where the political and economic situations have sharply deteriorated in recent years due to the global financial crisis such as Spain and Greece.

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Appendix 1 Questionnaire Used for the Research

ETHNIC MINORITY THIRD SECTOR ORGANISATIONS IN THE EAST LONDON OLYMPIC BOROUGHES

The Ethnic Minority Foundation is a national registered charity that was created to provide a secure base for Britain's minority ethnic communities. We are currently working on a project which is funded by the Economic Social Research Council about ethnic minority social enterprise organisations that are located in the East London Olympic Boroughs. The aim of the study is to examine the profile of ethnic minority third sector organisations and their engagement within the 2012 Olympic and Paralympic Games. This questionnaire contains a few brief general questions about the nature and evolution of your organisation and also some specific questions related to the upcoming 2012 Games.

This telephone questionnaire will take approximately 10 minutes to complete (it needs to be completed by the leader of the organisation). Information collected will be treated as strictly confidential. If you would like further information about the research project, you can contact Sara Calvo by email to s.calvo@mdx.ac.uk or by phone 07883910954. Many thanks.

1. What are the principal activities of your organisation ?

- | | | | |
|---|---|--------------------------------------|--------------------------------------|
| <input type="checkbox"/> Childcare | <input type="checkbox"/> Hospitality | <input type="checkbox"/> Housing | <input type="checkbox"/> Environment |
| <input type="checkbox"/> Health | <input type="checkbox"/> Transport | <input type="checkbox"/> ICT | <input type="checkbox"/> Food |
| <input type="checkbox"/> Advice Services | <input type="checkbox"/> Financial services | <input type="checkbox"/> Education | <input type="checkbox"/> Employment |
| <input type="checkbox"/> Art, Culture and Leisure | <input type="checkbox"/> Construction | <input type="checkbox"/> Social Care | <input type="checkbox"/> Retail |
| <input type="checkbox"/> Other | | | |

2. What is the geographical coverage of the work of your organisation?

- ☐ Local
- ☐ Regional
- ☐ National
- ☐ International

3. How many paid-staff and volunteers (full-part time) regularly work for your organisation?

Paid-staff:

Volunteers:

☐ Less than 10 ☐ Between 10 to 50 ☐ Between 50 to 250 ☐ More than 250

4. When was the organisation established?

☐ 2009-2008 ☐ 2007-2001 ☐ 2000-1997 ☐ prior to 1997

5. What is the legal form of your organisation?

☐ CIC ☐ CLG ☐ CLS
☐ IPS ☐ Registered charity ☐ Community group
☐ Charity + CLG ☐ Other (specify)

5.1 Has the legal form of your organisation changed in the last two years?

☐ Yes ☐ Not ☐ Don't know

If yes, what was its previous legal form?

6. Does your organisation engage in any income generation activities?

☐ Yes ☐ Not ☐ Don't know

If yes, please give details of these activities:

<input type="checkbox"/> Fees for provided services	<input type="checkbox"/> Contracts to provide services
<input type="checkbox"/> Research or consultancy services	<input type="checkbox"/> Membership subscriptions (with significant benefits)
<input type="checkbox"/> Sponsorship	<input type="checkbox"/> Financial services (such as insurance)
<input type="checkbox"/> Trading subsidiaries	<input type="checkbox"/> Tuition fees
<input type="checkbox"/> Fees for goods	<input type="checkbox"/> Hire of facilities
<input type="checkbox"/> Community group	<input type="checkbox"/> Other (specify)

If not, why? -----

6.1 How has your involvement in these activities changed over the last two years?
What have been the most important reasons for these changes?

6.2 How does your organisation use the income generated from these activities?

- ☐ Business expenses ☐ Community activities ☐ Employees' remuneration
☐ Other (specify)

7. What are your other main sources of income?

- ☐ Grants ☐ Donations ☐ Not other sources of income ☐ Other (specify)

8. Who are the main beneficiaries or clients of your organisation?

- ☐ Young ☐ Elderly ☐ Local Community ☐ Children ☐ women ☐ Other
(specify)

8.1 How would you describe their ethnicity?

- ☐ White British ☐ White other ☐ Black ☐ Asian ☐ Mixed (specify) ☐ Other (specify)

8.2 How would you describe the ethnicity of board of directors, members, staff and volunteers?

- ☐ White British ☐ White other ☐ Black ☐ Asian ☐ Mixed (specify) ☐ Other (specify)

9. What was the approximate total turnover of your organisation last year?

- ☐ Less than £15,000
☐ Between £15,000 to £50,000
☐ Between £50,000 to £500,000
☐ More than £500,000
☐ Don't know

9.1 What was the approximate percentage turnover derived from income generation activities last year?

-
- ☐ Less than 5% ☐ Between 5% to 25% ☐ Between 25% to 50%
☐ Between 50% to 75% ☐ More than 75% ☐ Don't know

10. Has your revenue from income generation activities increased/reduced or remained the same in the last two years?

- ☐ Increased ☐ Reduced ☐ Remained ☐ Don't Know ☐ Other (specify)
-

11. Has the work of the Olympic 2012 created any particular opportunities for your organisation to pursue income generation activities?

- ☐ Yes ☐ Not ☐ Not sure ☐ Don't know

If yes, please provide details. If no, why is this the case?

12. Overall, how would you describe your organisation's experiences to date in terms of engagement with the 2012 Games?

- ☐ Highly positive ☐ Positive ☐ Neutral ☐ Negative ☐ Highly negative
☐ Other (specify)

Explain the reasons:

Appendix 2

Interview Request Letter

Re: Research on social enterprises and ethnic minorities: A case study of the East London Olympic Boroughs

The Ethnic Minority Foundation is a national registered charity that was created to provide a secure base for Britain's minority ethnic communities. We are currently working on a project in collaboration with Middlesex University Business School and funded by the Economic Research Social Council on ethnic minority social enterprise organisations located in East London. The aim of the study is to examine ethnic minority social enterprises and their development in the East London Olympic Boroughs of Newham, Hackney, Tower Hamlets, Waltham Forest and Greenwich during the period of preparation for the 2012 Olympic and Paralympic Games within London. I would be grateful if you would consider being interviewed for this study. The interview will be conducted at a time and place convenient to you and should take about 20-40 minutes. All information supplied will be treated as confidential and will be used for research purposes only. Respondents will not be identified in any publications. Please see the attached consent form and an information sheet. I will telephone or e-mail you shortly but, in the meantime, if you have any queries, please do not hesitate to contact me at the above email s.calvo@mdx.ac.uk or telephone 07883910954.

Thank you very much for your attention.

Yours sincerely,

Sara Calvo
Doctoral Researcher

Appendix 3

Case study Request Letter

Re: Research on social enterprises and ethnic minorities: A case study of the East London Olympic Boroughs

The Ethnic Minority Foundation is a national registered charity that was created to provide a secure base for Britain's minority ethnic communities. We are currently working on a project in collaboration with Middlesex University and funded by the Economic Social Research Council which is about ethnic minority social enterprise organisations that are located in East London. The aim of the study is to examine ethnic minority social enterprises and their development in the East London Olympic Boroughs of Newham, Hackney, Tower Hamlets, Waltham Forest and Greenwich during the period of preparation for the 2012 Olympic and Paralympic Games within London.

I would be grateful if you could consider the participation of your organisation in this case study research. The study would be conducted at your organisation's bases at a time convenient to the people involved within it. Semi-structured interviews will be conducted with leaders, staff, volunteers and users. Questions will mainly relate to organisational roles, barriers and benefits, relations with other sectors and policy support. In addition, observations and documentary sources (company reports, notice of meetings and evaluations) will be also used to develop a deeper understanding of the nature of the organisation. All information supplied will be treated as confidential and will be used for research purposes only. All respondents will receive an information sheet and a consent form. Neither the organisation nor the participants will be identified in any publications. I will telephone or e-mail you shortly but, in the meantime, if you have any queries, please do not hesitate to contact me either by email s.calvo@mdx.ac.k or telephone 07883910954.

Thank you very much for your attention.

Yours sincerely,

Sara Calvo
Doctoral Researcher

Appendix 4

Information sheet for participants

What is the study about?

This research aims to study ethnic minority social enterprises and their development in the United Kingdom, particularly in the East London Boroughs which are playing a key role in the Olympics (the London Boroughs of Hackney, Greenwich, Newham, Tower Hamlets and Waltham Forest). Specifically, it seeks to do this through the consideration of ethnic minority social enterprise development during the period of preparation for the 2012 Olympic and Paralympic Games in London.

What are the outputs of this study?

The information we get from this study will help us to understand the nature and extent of ethnic minority social enterprise development and the current policy frameworks that are influencing the development of ethnic minority social enterprise activity in order to provide a basis for the development of future policies that can engage effectively with these groups. As a participant, there is an opportunity for you to contribute to that understanding with the aim of benefiting ethnic minority social enterprise organisations.

Will my taking part in this study be kept confidential?

Any information obtained from the participants during this study will be restricted and confidential, and will not be given to any unauthorized person without the consent of the participant. In this research study, the anonymity of every participant will be strictly assured and confidentiality will be protected. If the study is published in appropriate academic journals or presentations, the information obtained from the participants will be presented; however, the respondents' identification will not be disclosed.

What if I have any questions?

For any further questions about the research study, please do not hesitate to contact me: Sara Calvo, Tel: 07883910954. Email: s.calvo@mdx.ac.uk

THANK YOU!

Appendix 5 Consent form



**Middlesex
University**

Dear first name,

Re: Research on social enterprises and ethnic minorities: A case study of the East London Olympic Boroughs

Thank you for participating in our study on social enterprises and ethnic minorities in the East London Olympic Boroughs. When conducting the interview with you, I informed you that it would be treated as confidential and that I would not identify your name or that of your organisation without your permission.

I am writing to you today to ask you for your consent to use the contents of the interview, your motivations, as well as the challenges and barriers you are facing to improve our understanding of the work you are doing. We would also seek to share this learning with a range of audiences, including our funders, other sector organisations, Government policy makers, academics, and the general public.

Please sign below. If there are any specific parts of your experience/feedback you would **not** consent to us using in any of the above ways. Please also inform your interviewer and make a note here:

Name:

Signature:

Date:

Thank you very much for your attention.

Yours sincerely,
Sara Calvo
Doctoral Researcher

Sara Calvo
Centre for Enterprise and Economic Development Research
Middlesex University Business School
The Burroughs, London NW4 4BT
E-mail: s.calvo@mdx.ac.uk

Appendix 6

Key-informants semi-structured interviews schedule

Brief introduction (research study, permission to record, anonymity and confidentiality)

Personal information (gender, age, ethnic background, occupation and position)

1. Definitional issues

1.1 Can you tell me what you understand by the term “social enterprise”?

1.2 What do you understand by the term “ethnic minority social enterprise”?

2. Forces driving/limiting involvement

2.1 In your experience what is the extent of the involvement of ethnic minority communities in social enterprise activity?

2.1.1 What are the reasons for this?

2.2 Can you identify particular factors that are pushing ethnic minority third sector organisations towards social enterprise type activity?

2.2.1 Could you provide specific examples of this?

2.2.2 Do you have a view on whether this is a positive or negative development for ethnic minorities?

2.3 What opportunities do you think exist for the development of ethnic minority social enterprises?

2.4 What would you say are the main barriers to developing ethnic minority social enterprises?

3. Policy

3.1 What is the role of ethnic minority social enterprises within the process of promoting local development (e.g. in relation to regeneration, social inclusion, community cohesion etc)?

3.2 What current policy frameworks are influencing the development of ethnic minority social enterprise activity (e.g. social enterprise policy, ethnic minority and migrants' policy, the 2012 Games policy)?

3.3 What policy development is required to maximise the social, economic, and community cohesion gains within ethnic minority social enterprise organisations?

3.4 Has the arrival of the new Coalition government led to any significant changes in attitudes and policies towards the development of social entrepreneurial activity among ethnic minorities?

3.5 What do you think about this statement:

“Funders should not automatically award grants to third sector activities organised on the basis of single identities, defined in terms of single ethnicity, nationality or religion, but should instead provide opportunities for interaction among people from different backgrounds”?

3.5.1 What are the implications of a change away from single group funding for the development of ethnic minority social enterprises?

4. 2012 Games

4.1 Who would you say have been the main beneficiaries of the 2012 Olympic Games to date?

4.2 Is this likely to change in the future?

4.3 Do you think that ethnic minority social enterprises are currently engaged in any significant manner in the preparation of the 2012 Games?

4.3.1 Why do you think this?

4.3.2 What do you think are the main barriers that are blocking the engagement of ethnic minority social enterprises in the 2012 Games?

4.4 Have you heard of cases of ethnic minority social enterprise organisations involved with/ or that have tried to get involved with, the 2012 Olympic and Paralympic Games?

4.5 In terms of contracts for delivering services, how transparent has been the process used in the 2012 Games?

4.6 Can you tell me what your thoughts are on the following statement: “The Olympic Delivery Authority (ODA) has promised that the 2012 Games will benefit local communities, in particular ethnic minorities in the East London Boroughs, and also ethnic minority social enterprise organisations”

4.7 What should ODA be doing to support the engagement of ethnic minority social enterprises to become service providers for the 2012 Games?

5. Final remarks

5. Before we close, I was wondering who else you think it would be important for me to talk to? And are there any other issues would you like to raise that I have not covered?

Appendix 7

Case study interview schedule for leaders/staff

Brief introduction (research study, permission to record, anonymity and confidentiality, role within the organisation such as staff, volunteer or service user)

Personal information (gender, age, ethnic background occupation and position)

1. Definition

1.1 Can you tell me what you understand by the term “social enterprise”?

1.2 Would you define your organisation as an “ethnic minority social enterprise”?
If so, on what basis?

1.3 Are you happy with the idea of social enterprise?

2. Organisation

2.1 Can you give me a brief history of your organisation?

2.2 Can you describe the organisation’s mission?

2.3 What are the main activities of the organisation?

2.4 Can you describe the main groups that the organisation works for/to?

2.5 How many full-time, part-time staff and volunteers are working at the organisation?

2.5.1 Do they have training and accredited courses?

2.6 What is the geographical coverage of your organisation’s work?

2.7 Approximately how many people are involved within the organisation (including service users, staff, leaders and volunteers)?

2.8 Does the organisation have board members? If yes, what is their role?

2.9 What is the legal form of the organisation?

2.10 Has your organisation undergone significant change in terms of any of these factors? (e.g. mission, activities, clientele, geographic coverage, staff, legal form). If yes, why?

3. Ethnicity

3.1 How would you describe the ethnicity of the service users?

3.2 How would you describe the ethnicity of staff, volunteers and leaders?

4. Finance

4.1 How did you get the money to set up the organisation (loans, friends, grants, etc)?

4.2 Could you tell me about the sources of income of the organisation?

4.2.1 What proportion of your income is accounted for by each of the following sources? (As a percentage)

-Donations and grants

-Family and friends support

-Income trading activities (fees for provided services, research or consultancy services, sponsorship, trading subsidiaries, fees for goods, community group, contracts to provide services, membership subscriptions, financial services, tuition fees, hire of facilities)

-Others

4.3 Has the total turnover of the organisation changed in the last five years?

4.3.1 If yes, why?

4.4 Has the turnover from trading activity changed in the last five years?

4.4.1 If yes, why?

4.5 Do you think that trading activities within your organisation will increase/decrease or remain the same in the coming twelve months? Why?

5. Performance

5.1 Does the organisation possess Kite marks and quality standards?

5.2 Do you have a good relationship with other organisations?

5.2.1 What type of relationship?

5.2.2 Are these organisations working with a particular ethnic minority community or mixed communities?

5.3 What has been the greatest success(es) of the organisation in your experience?

5.4 What are the major challenges currently faced by your organisation? (e.g. in terms of finance, sustainability, skills, staffing, etc?)

5.5 What are the barriers to addressing these?

5.6 How positive are you about the organisation's future development over the next 12-18 months?

6. Support and Policy process

6.1 Has the organisation ever received any type of support?

(Please include here both financial support (such as grants and donations) and capacity building support (in terms of skill development, expert advice, SROI/performance assessment, etc.).

6.1.1 If yes, who has provided this?

6.2 Has any of this support been related to trading activity?

6.3 What are the current policy frameworks (at local, regional and national levels) that are influencing the development of your organisation? (e.g. SEC with the Social Enterprise Business Support Programme, SEL with the Social Enterprise Training Programme, etc.?)

6.4 How would you describe the relationship between your organisation and the local authority?

6.5. How would you describe the relationship between your organisation and other support infrastructures (e.g. VCO support bodies, SE support, Business Link)?

6.6 Are there any relevant local policies related to social enterprise activity in the borough?

6.7 What is your overall view about social enterprise in the borough?

7. Olympic Games 2012

7.1 Who would you say have been the main beneficiaries of the 2012 Games to date?

7.2 Is your organisation involved in 2012 Olympic Games related activities? If so, could you provide details?

7.3 What do you think about the preparation of the 2012 Games and the opportunities for engagement for social enterprises?

7.4 In your opinion, what is the involvement of ethnic minority social enterprise organisations in the 2012 Games?

7.5 What do you think are the main barriers that are blocking the engagement of ethnic minority social enterprises in the 2012 Games?

7.6 Have you heard of cases of ethnic minority social enterprise organisations involved with/ or that have tried to get involved in the 2012 Olympic and Paralympic Games?

7.7 Can you tell me what your thoughts are on the following statement: "The Olympic Delivery Authority (ODA) has promised that the 2012 Games will benefit local communities, in particular ethnic minorities in the East London Boroughs, and also ethnic minority social enterprise organisations".

7.8 In your opinion what should the ODA be doing to support the engagement of ethnic minority social enterprises to become service providers for the 2012 Games?

8. Final remarks

8.1 Are there any other issues would you like to raise that I have not covered?

8.2 Before we close, I was wondering who else you think it would be important for me to talk to?

Case study interview schedule for service users

Brief introduction (research study, permission to record, anonymity and confidentiality, role within the organisation such as staff, volunteer or service user)

Personal information (gender, age, ethnic background, occupation and position)

1. Definition

1.1 Can you tell me what you understand by the term “social enterprise”?

1.2 Would you define this organisation as an “ethnic minority social enterprise”?

1.2.1 If yes, on what basis?

2. Organisation

2.1 What does this organisation do for you as a customer/user?

2.2 Can you describe the main social groups that the organisation works for/to?

3. Ethnicity

3.1 How would you describe the ethnicity of the service users?

3.2 How would you describe the ethnicity of staff, volunteers and leaders?

4. Performance

4.1 What has been your experience of working with or using the services of this organisation?

4.2 Are there ways in which the services could be improved?

4.3 Are you aware of any other organisations that provide similar services to a similar population (target group)? (Please note, these do not need to be ethnic minority organisations)

4.4 How would you rate the overall services provided by this organisation? What about the services of the other organisations you just mentioned?

5. Final remarks

5.1 Are there any other issues would you like to raise that I have not covered?

APPENDIX 8: DESCRIPTION OF CASE STUDIES SELECTED

CASE STUDY 1

Background

An organisation based in Tower Hamlets that was created in 1984 by a group of Bangladeshi parents whose primary motive was to improve the conditions of their disabled children. The organisation developed slowly from a modest, informal Bangladeshi parent association to a fully registered charity in 1987 to provide a wide range of services for Asian disabled people on a borough-wide level. The main services provided today are training, residential care, and leisure activities such as sports and travel for children and young people with learning disabilities. Moreover, the organisation provides information, advice, advocacy and counseling to parents and carers of disabled people. In 2010, a café was established to provide employment opportunities for disabled people.

Funding, Legal status and Organisational Structure

The organisation is a Registered Charity and Company Limited by Guarantee, and has a turnover of more than £500k. Although in the past, 100% of the organisation's income came from grant funding from Tower Hamlets local authority and the Trust for London, nowadays 95% is received from contracted services and 5% from grant funding, both with the Tower Hamlets local council. The organisation employs 28 full-time staff and 100 casual workers and volunteers and it has a board committee of 10 members. Most of the staff have received training courses and obtained qualifications including NVQ (levels 2, 3 and 4) Care Quality Certificates. It has received support from numerous organisations including the Council of Ethnic Minority Voluntary Sector Organisations (CEMVO) and has strong relations with other third sector bodies in the borough.

Recent developments

Although in the past, the organisation provided services to Asians, principally from Bangladeshi backgrounds, they currently support the wider community, including among others Somalis, Ethiopians and Eastern Europeans. Most services are provided in Tower Hamlets, however the organisation at the time the research was carried out had just started to expand their services across London (e.g. they have started a project in Croydon). The organisation has currently more than 500 service users and at present is working on the idea of creating a partnership with other third sector organisations to compete for contract opportunities. The main problem this social enterprise has is inadequate premises to provide their services adequately.

CASE STUDY 2

Background

A Community Interest Company that was established as an umbrella group of 10 local organisations in 2007 with the support of the London Borough of Tower Hamlets and the London Sustainability Exchange (LSEx). Its objectives were to continue an environmental project that started in 2005 with The Islamic Foundation For Ecology And Environmental Sciences (IFEES) and the East London Mosque. Tower Hamlets local authority facilitated a meeting for a number of Muslim women-related third sector and VCOs in the borough and supported them to set up the organisation. The motivation was to create collaborative working between and to ensure that as many organisations as possible could survive the harshening economic climate. The organisation's purpose is to empower local women and to help them to adopt healthier, environmentally friendly lifestyles, especially members of the Muslim community. The main services offered are providing training and sport coaches (e.g. badminton, football, cycling and swimming lifeguards), promoting environmental campaigns and running Waste surveys for the borough as well as projects that strengthen families and health (e.g. recycling workshops for Muslim women).

Funding, Legal status and Organisational Structure

The organisation has a turnover of more than £200K p.a. Of its total income, 95% come from contracts from the Borough of Tower Hamlets and 5% from the Prevent Fund Foundation. The organisation currently employs 1 full-time staff member, 200 part-time staff and 400 volunteers. The organisation has a board of directors from four BME third sector organisations who contribute to the decision-making process. Regardless of the size or financial turnover, each organisation is treated equally and has one vote. The organisation has received support from a number of organisations including Tower Hamlets College, East London Business Place (ELBP), East London Business Centre (ELBC), Red Ochre, Black Training and Enterprise Group (BTEG) and OLMEC.

Recent developments

The services and organisations involved in the social enterprise have increased considerably in recent years to up to include 1000 BME third sector and VCOs. The organisation struggled to find its feet at first, as all the members were very busy running their own separate organisations. However, the decision by the Borough to employ someone as a full-time Business Manager for the organisation provided it with a fund-raiser, a constitution, a registration as a CIC and a business arm. It has around 7,000 service users per week, with a large proportion being from the Bangladeshi and Somali Muslim communities. However, the services are becoming more diverse and now include women of all races, ages and religions such as Eastern Europeans and white working-class people. The main barriers for the organisation are the limited number of staff and that core funding for some member organisations has been reduced in recent years. As a result, some have had to amalgamate with others or have lost their buildings. Although their operations are currently limited to Tower Hamlets, they are planning to replicate the project in other boroughs.

CASE STUDY 3

Background

A social enterprise set up in 2010 in Tower Hamlets by a Black African woman (originally from Sierra Leone) in her early 30s. The founder had a Master's degree in agricultural economics from a UK university and a wide range of business skills and has worked in educational, private and third sectors. The primary motivation of the entrepreneur was to empower and support migrants by utilising their skills to aid their employment and self-employment opportunities. The organisation provides employment training courses (e.g. job applications and communication skills) and business consulting services for London's immigrant communities. It also offers quality research on issues related to immigration and social capital.

Funding, Legal status and Organisational Structure

The organisation is registered as a Company Limited by Guarantee. The majority of beneficiaries are Bangladeshis, Somalis, West Africans and Eastern Europeans and it works in London (principally in Tower Hamlets and Southwark boroughs). At the time the interview was conducted (January 2011), the organisation did not employ any staff, but was intending to do so over the next year. In fact, four people (2 Black Africans and 2 White British) were working on a voluntary basis (rising to twenty volunteers for one-off events). Governance was coordinated by these four volunteers who doubled up their role by taking governance decisions. The organisation is small-sized and has less than £15,000 annual turnover. Of this, 70% originally came from the entrepreneur's personal savings and 30% from a grant from Unlimited (a social enterprise support body).

Recent development

However, more recently the funding structure has changed to 50% personal savings and 50% contracted opportunities. The organisation collaborates in a number of projects with other well-established social enterprises in Tower Hamlets. An example of this is a programme that they ran with another SE and the London Civic Forum in 2010 to offer residential and weekly support sessions for unemployed residents (e.g. communication skills workshop). It has received strong support from several bodies including Unlimited, Social Enterprise London (SEL) and the East London Business Centre (ELBC). At present, the main barrier for the organisation is limited financial resources.

CASE STUDY 4

Background

A food cooperative set up in 2002 in Newham to address issues concerned with food poverty. The founder, a Black Caribbean male in his early 40s, had a career in banking before he was ordained as a Pentecostal Minister. Instead of seeking a parish however, his interest, as a mature student, turned to food poverty. He was researching a dissertation on this issue for a Theology Degree when he had the idea of setting up a food co-op as a swift practical solution. The organisation supplies fresh fruit and vegetables to companies and it uses the surplus to fund their charitable aims which are to provide fresh food and vegetables at affordable prices and to educate people about healthy food in areas that are classified as “food deserts”. The organisation also provides training and employment opportunities for members of the community in East London.

Funding, Legal status and Organisational Structure

The organisation has developed significantly originally out of an initiative from an individual (the founder) who made daily trips to Spitalfields market to haggle with wholesalers the price of which he sold “at cost” to residents. Today, the organisation has over 70 projects across East London and works with different corporate companies and institutions including fifteen co-ops based in infant and primary schools, a Mobile Food Store available for Newham residents and ‘Cook and Eat’ sessions which teach local residents how to cook healthy food on a budget. The SE has been registered as a Charity and Company Limited Guarantee since 2006 and it is owned 100% by local residents in Newham. It has around 30,000 beneficiaries, from different ethnic minority communities, principally West Indians, Asians, Black African Caribbeans and Eastern Europeans. The organisation formally employs 20 staff members and it has 4 board members. It has also received support from GK Partners and Social Enterprise London (SEL). In the early stages, this SE funded 50% from grants from the West Ham and Plaistow New Deal for Communities and 50% from personal funding. However, more recently this has changed to 100% funding from contracting services.

Recent development

The organisation has gone through massive changes due to the reduction of grant funding in recent years. It reduced total turnover in recent years from £70K to £50K. As a result, they have stopped delivering several services and are concentrating on core business that of trading in fresh fruit and vegetables. Moreover, the SE has reduced its geographical area of operation from national to regional level, focusing on the East London area. The entrepreneurship, innovation and achievements of the organisation, its staff, partners and volunteers have been recognised nationwide by a number of awards they have received. The main barriers for the SE according to the respondents are the limited number of staff, reduced public funding and the political environment in Newham with a local council that provides only limited support to ethnic minorities.

CASE STUDY 5

Background

A childcare recruitment agency that opened in 2005 in Tower Hamlets to provide temporary work for local women. The Founder is a Mediterranean woman who has been living in the borough for more than ten years. She had previously worked in a well-established social enterprise based in the same borough. The social enterprise runs a crèche, provides childcare management consultancy, business consultancy and training courses concerning childcare services. The organisation delivers these services to private, public and third sector organisations.

Funding, Legal status and Organisational Structure

It has been a Community Interest Company since 2006. The organisation received a grant (£30K) and a loan (£70) from Adventure Capital Fund to get the business up and running initially. The turnover of the organisation is £500K, but relies 100% on income from contracted services with the private, third and public sectors. The organisation employs 3 full-time and 1 part-time staff member, and it has 4 board members. Over a 100 people are registered as childcare workers within the organisation. In terms of the stakeholders' ethnicity, 98% are from ethnic minority communities, the majority are Bangladeshis, Black Africans and Eastern Europeans, followed by South Americans, Black Caribbeans and a few White British. The organisation has received support from East London Business Place (ELBP), Business Link (BL) and Social Enterprise London (SEL).

Recent development

The organisation has expanded their services in recent years from operating in Tower Hamlets to cover all the Five East London Olympic Boroughs. The main problem the organisation has faced recently is the cuts in public spending have caused a significant reduction in the organisation's contract opportunities.

CASE STUDY 6

Background

A community group established in Hackney in 2004 to deliver education and training opportunities for young people with socio-economic needs. The aim is to provide 6 to 25 year olds with an environment in which they can be motivated and encouraged to maximise their potential and talents. The organisation provides film training courses, animation, computer-generated imagery and editing, as well as personal development and mentoring services. The Founder is a British Black female in her 30s who grew up in Hackney. Although she is a scientist and worked in this field in the past, she has always been interested in media and decided to establish the SE because of this and also as she was inspired to help young people in the borough.

Funding, Legal status and Organisational Structure

The organisation developed slowly from providing courses twice a year in the back of a tourist office to later on working with a range of bodies including private, public and third sectors. Its turnover is approximately £50,000 p.a. In terms of its income sources, the social enterprise moved from having relied on 10% Big Lottery grant funding and 90% from Hackney council to 80% from contracts with Hackney Council and 20% from trading activities with schools and young offender institutions. The organisation has not only expanded its activities considerably in recent years and, but it has also broadened their services delivery across London. These services have been provided to thousands of young people, principally those from African Caribbean, Asian, White British, Turkish and Jewish backgrounds. The organisation employs one full-time and two part-time staff from different ethnic minority backgrounds and it has four board members. The SE has received support from Social Enterprise London (SEL), CLR Training and Hackney Community and Voluntary Sector (HCVS).

Recent development

In 2008, with the support of the London Development Agency and CLR Training, they teamed up with the GCSE examination board Oxford, Cambridge and RSA examinations (OCR) to offer students a qualification in IMEDIA diplomas. The organisation received an award from the Adult Community Learning Academy (ACL) for the Best Ethical Business in 2009. The main problem the organisation has faced in recent years is the reduction of finance in terms of grant funding sources. It is currently contemplating how to increase their earned income activities in response.

CASE STUDY 7

Background

A private limited company, established in 2008 in Tower Hamlets to deliver social housing management courses for Registered Social Landlords (RSL) and wider public across the UK (but principally in London). It is a Registered Company Limited by Shares. The company's aim is to address unemployment, under-employment, and joblessness through an employability and job preparation programme. It supports those looking for permanent £18-50K professional jobs; comprehensively reviewing CV's for temporary roles and provides well rounded interview and assessment stage preparation. The Founder is a British Asian male in his mid 30s who has over a decade of experience working in the social housing sector.

Funding, Legal status and Organisational Structure

400 people have completed the course so far, and the organisation has helped to secure over £3 million worth of jobs. It has over 150 service users and has helped them to secure permanent and temporary £18-30K roles. Of the 400 people who have undertaken the course, 60% are from Black African countries, predominantly Somalia, Nigeria, Ghana, and Cameroon; 30% are from Asia, principally Bangladesh and Pakistan; followed by 5% Eastern European and 5% White British. The organisation has received support from the East London Business Centre (ELBC), Business Link and Social Enterprise London (SEL).

Recent development

The entrepreneur invested his personal savings to fund 50% of the organisation and attracted public funding (50%) from New Deal for Communities (NDC) and the European Social Fund (ESF) to start-up the business. Of the total turnover of the organisation today (£40k), 80% comes from course fees and 20% from grants provided by the OCEAN Somali Community Association. The company formally employs one full time staff member (Founder/Director) and one part-time staff member. The entrepreneur has received accreditation with the Open College Network (OCN), City and Guilds Certificate in Preparing to Teach in the Lifelong and Freelance Trainer with the Chartered Institute of Housing (CIH). The organisation does not have any board members. It shifted from a profit-making company to a social enterprise model as the way to bid for grant funding opportunities. The main problem that it has faced in recent years is a lack of capacity and financial resources, and thus the entrepreneur is contemplating any ways to secure sustainable funding.

CASE STUDY 8

Background

A catering cooperative set up in 2008 in Greenwich by a South American woman in her 50s who has been living in the area for more than 20 years. She graduated from the School of Social Entrepreneurs (SSE) and has been an active member of the community for more than ten years. She was inspired to set up the SE in order to help people in her local area. The organisation's aim is to create a positive community spirit that brings people from different cultures together to tackle important social issues in their area. The trading arm of the cooperative is a café catering business which provides food across London. Its international cuisine specialises in Brazilian, African and Caribbean spices that are infused into modern British cuisine. Among their social aims, the café provides a venue for employment training and support for the unemployed.

Funding, Legal status and Organisational Structure

The social enterprise provides services to a variety of bodies including Local Authorities, Health Authorities, Housing Authorities, Voluntary and Community Organisations, SEs, Schools and Colleges, Regeneration Agencies and Private Sector Organisations. It also caters for private events such as weddings, parties, festivals and so on. The organisation started-up with small income using funds from the founder and their friends which totaled 20% of all revenue. Meanwhile, (80%) come from grants from Greenwich council and Greenwich Cooperative Development Agency (GCDA). The organisation's current turnover is £40K which is generated exclusively from trading activities. The SE is registered as a Company Limited by Guarantee and employs one full-time, one paid part-time and three part-time volunteers from the local community. The entrepreneur plays a crucial role in the organisation personally managing client relationships and programmes, generating new business, recruiting, developing and nurturing staff. The organisation is also governed and led by a four member board of likeminded residents of the Ferrier State in Greenwich. They are elected by a wider membership at an annual general meeting.

Recent developments

Regarding the organisation's stakeholders, 80% are from an ethnic minority background from diverse communities including Black, Asian and Eastern Europeans whilst 20% are White British. The organisation receives support from OLMEC, Social Enterprise London (SEL), School of Social Entrepreneurs (SSE), Greenwich Corporate Development Agency (GCDA) and Business Link. The main problem it has faced in recent years concerns financial resources and sustainability.

CASE STUDY 9

Background

A housing association founded by a group of local Black African Caribbeans in 1995 in Greenwich. The organisation assists Black African Caribbean young people (ranging from 18 to 25 years old) who are at risk of homelessness as well as providing personal development and mentoring services whereby tenants can benefit from access to training, benefit advice, job search, budgeting and household skills. Its service users need to have a link with the borough (in terms of living, working or studying there) to be able to benefit from these services.

Funding, Legal status and Organisational Structure

The organisation operates under the Model Rules issued by the National Housing Federation and a Registered Charity under the Industrial and Provident Societies Act 1965. The organisation works closely with the London Borough of Greenwich and other major social housing providers. It employs three full-time staff and two volunteers, all of them from the Black African-Caribbean community. The organisation has democratic governance, and the association's work is overseen by an elected board (four members). These members are required to retire but can stand for re-election. The election process is also open to members who can be nominated by other members. The elected Board has overall responsibility for the decision making process. The organisation receives support from a mentor from another Registered Housing Association and from Greenwich Activity for Voluntary Sector (GAVS).

Recent developments

The organisation's turnover ranges from £400K to £500K per year and comes exclusively from trading activities (specifically from renting houses). In the past, they used to receive (50%) grant funding from the government, but this ended in September 2010. As the total turnover has decreased in recent years, their sole staff members and their activities (advice and support services for tenants) have been considerably reduced. The main problem the organisation has faced in recent years is a lack of financial resources (due to the reduction of grant funding) and so the organisation is currently contemplating how to secure government contracts.

CASE STUDY 10

Background

A community development organisation set up in 1996 in Tower Hamlets by the local authority as a result of a public inquiry into local health inequalities and ethnic minority communities, particularly those with few resources. The organisation promotes access to public and community services, encouraging local people to take control over their lives and their health, by building networks with other organisations and influencing policy and practice.

Funding, Legal status and Organisational Structure

The organisation has increased its services and has expanded its geographical coverage from Tower Hamlets to East London. It is currently a Registered Charity and Company Limited by Guarantee. The organisation runs approximately 25 projects a year covering four main areas of work; Community Health Development (for example, Health Guides informing people about how to use services), Doing Your Part (for example, self-management courses for people with chronic conditions), Networks and Alliances (for example, Information and advice to people in health settings) and Action Research Training and Employment (for example, ESOL classes). It only engages in projects that are of expressed interest to its targeted communities and works both with their leaders and with people at grassroots level. There are around 700 service users benefiting from the organisation. They originate from different communities, primarily Asian, Black, Eastern European but also White British. The turnover increased from £300K to 1.8 billion in the last years. While 10% comes from grants from Tower Hamlets council, 90% is from trading activities, (primarily contracts with the NHS, the local primary care trust, and charitable bodies). The organisation employs 10 full-time and 30 part-time staff as well as 100 seasonal workers and 20 volunteers. All staff members are from the local area and have different backgrounds. They are trained to work with their community in their mother tongue, including Bengali, Somali, Turkish/Kurdish, Congolese, Gujarati, Urdu, Arabic, and English. It offers an active training programme on a range of subjects, including training in social practice, how public decisions get taken, reflective practice, and specific issues. Meeting quarterly, the Board is made up of a group of 10 local people and community experts from public and private sectors. It takes decisions on the organisational direction and responsibility on the policies and procedures that frame its work.

Recent developments

The organisation has received support from mentors from different third sector organisations and their own board members who have an important role in decision-making. The main problem the organisation faces is insecurity in terms of accessing finance and problems with financial sustainability due to reduced public funding.